

## EDGAR SUBMISSION SUMMARY

Submission Type	10-K
Live File	On
Return Copy	On
Exchange	NONE
Confirming Copy	Off
Filer CIK	0001518461
Filer CCC	xxxxxxx
Period of Report	12-31-2019
Smaller Reporting Company	On
Emerging Growth Company	No
Notify via Filing website Only	Off
Emails	dcarlo@mtrco.com

### Documents

Form Type	File Name	Description
10-K	ampg_10k.htm	FORM 10-K
EX-31.1	ampg_ex311.htm	CERTIFICATION
EX-31.2	ampg_ex312.htm	CERTIFICATION
EX-32.1	ampg_ex321.htm	CERTIFICATION
EX-32.2	ampg_ex322.htm	CERTIFICATION
EX-101.INS	ampg-20191231.xml	XBRL INSTANCE DOCUMENT
EX-101.SCH	ampg-20191231.xsd	XBRL TAXONOMY EXTENSION SCHEMA
EX-101.LAB	ampg-20191231_lab.xml	XBRL TAXONOMY EXTENSION LABEL LINKBASE
EX-101.CAL	ampg-20191231_cal.xml	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
EX-101.PRE	ampg-20191231_pre.xml	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE
EX-101.DEF	ampg-20191231_def.xml	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
GRAPHIC	ampg_10kimg1.jpg	
GRAPHIC	ampg_10kimg2.jpg	

### Module and Segment References

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2019

or

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

Commission File No. 000-54355

**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 No.)

620 Johnson Avenue  
Bohemia, NY

(Address of principal executive offices)

11716

(Zip Code)

Registrant's telephone number, including area code: (631) 521-7831

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
NA	NA	NA

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 (Check one):

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

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

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

The aggregate market value of the registrant's common stock, par value \$0.001 per share, held by non-affiliates of the registrant, based on the closing price of the common stock as of the last business day of the registrant's most recently completed second fiscal quarter was approximately \$1,789,356.

As of March 21, 2020, the registrant had 49,086,326 shares of common stock issued and outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE:**

None.

AMPLITECH GROUP, INC.

ANNUAL REPORT ON FORM 10-K

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### Use of Certain Defined Terms

Except as otherwise indicated by the context, references in this report to “we,” “us,” “our,” “our Company,” “the Company” , “AmpliTech”, “Specialty” or “SMW” are to the combined business of AmpliTech Group, Inc. and its consolidated subsidiaries, AmpliTech, Inc. and Specialty Microwave.

### Forward-Looking Statements

This Annual Report on Form 10-K 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K. All subsequent written and oral forward-looking statements concerning other matters addressed in this Annual Report on Form 10-K 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 Annual Report on Form 10-K.

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

### ITEM 1. BUSINESS

#### Business Overview

Amplitech designs, engineers and assembles micro-wave component-based amplifiers that meet individual customer specifications. Our products consist of RF amplifiers and related subsystems, operating at multiple frequencies from 50kHz to 44GHz, including Low Noise Amplifiers, Medium Power Amplifiers, oscillators, filters, and custom assembly designs. We also offer non-recurring engineering services on a project-by-project basis, for a predetermined fixed contractual amount, or on a time plus material basis.

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

#### Our Corporate History and Background

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 16,675,000 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 1,200,000 shares of the outstanding 17,785,000 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 micro-wave 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, a privately held company based in Ronkonkoma, NY. The purchase included all inventory, orders, customers, fixed assets, and all intellectual property. The assets also included all eight team members of SMW. 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%. The Company also entered into a five- year lease on the property located at 120 Raynor Avenue, Ronkonkoma, NY with an option to buy the property during the first two years of the lease for \$1.2 mm and then at fair market value for the remainder of the lease term.

Specialty designs and manufactures passive microwave components and related subsystems that meet individual customer specifications.

## **Our Products**

Our products consist of RF amplifiers and related subsystems, operating at multiple frequencies from 50kHz to 44GHz, including Low Noise Amplifiers, Medium Power Amplifiers, oscillators, filters, and custom assembly designs.

New to our list of products is the 18 to 40 GHz wide band low noise amplifier. It is designed mainly for wideband telecommunications such as military and space applications, point to point radios as well as test equipment.

AmpliTech has also introduced a new line of cryogenic amplifiers designed to operate at temperatures as low as 4K that offer much lower Noise Figures than our standard models and some of the lowest Noise Figures in the industry. Consuming as little DC power as +0.5V DC@8mA, the light weight, compact housings provide excellent performance while generating very little heat. These amplifiers are very useful for applications that require the absolute minimum amounts of noise injection for the growing market of Low Temperature Applications, such as Quantum Computing, Medical Applications, RF Imaging, Research & Development, Space Communications, Accelerators, Radiometry and Telephony.

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

### *Low Noise Amplifiers*

Low Noise Amplifiers, or LNAs, are amplifiers used in receivers of almost every type of communication system (Wi-Fi, Radar, Satellite, Base station, Cell phone, Radio, etc.) to improve signal strength and increase sensitivity and range of receivers.

### *Medium Power Amplifiers*

Medium Power Amplifiers, or MPAs, provide increased output power and gain in transceiver chains to increase signal power and maintain dynamic range and linearity in Radars, Base-stations, Wireless networks, and almost every communication system.

### *Oscillators*

Phase Locked Oscillators, or PLOs, and Dielectric Resonator Oscillators, or DROs, are ultra-stable frequency sources and references in transceiver applications that complement the amplifier chain in the transceivers.

### *Filters*

Filters discriminate or block out certain frequencies in communication systems to improve dynamic range and NF response. Our filters are low loss and used on the front-end of the receiver chain that provide low degradation in the NF of the system, thereby maintaining and enhancing the signal clarity.

### *Satellite Access Point Block Downconverter (BDC)*

The Specialty Microwave BDC assembly is used as a test device on Satellite Access Point (SAP) antennas located worldwide. The BDC assembly down converts a Ka band signal, 17.7 GHz to 19.7 GHz, from the LNAs on either polarization of the antenna to between 950 and 2150 MHz using a high and low band block downconverter.

### *1:2 Tx Protection Switch Panel Subsystem*

The Specialty Microwave 1:2 Tx Protection Switch panel is a logic panel used in satellite communications earth stations. The system mechanism operates waveguide and coaxial switches to operator desired positions.

## **Our Technology**

Our products are supported by hybrid design topologies that create highly linear Radio Frequency (RF) products that amplify and transform signals with minimal addition of noise, achieving high Signal to Noise Ratio (SNR) and increased receiver sensitivity and range, at a low cost and low power consumption. Our hybrid design topologies include:

- Discrete Microwave Integrated Circuit (MIC)
- Pseudomorphic High Electron Mobility Transistor (PHEMT)
- MIC and Low Noise MIC

The discrete topology that we utilize provides various advantages:

- Can easily optimize Voltage Standing Wave Ratio (VSWR) and Noise Figure
- Flexibility of design; can easily adapt to change of specs, technology, etc.
- Low DC power consumption
- Can control and optimize gain flatness due to discrete gain stages
- Optimum use of MIC technology and experience
- Use of negative bias is not necessary
- Better part availability

Our research and development activities are conducted on new product designs to the extent as requested by the customers. The cost of our research and development activities is incorporated into the unit selling prices and, as such, is borne directly by the customers. For the years ending December 31, 2019 and 2018, the Company has incurred research and development costs of \$56,507 and \$42,941, respectively.

## **Industry and Competition**

### *Market Overview*

We operate our business in the industry of high-power Radio Frequency (RF) semiconductor. We believe that the RF semiconductor industry has the following features:

High demand for complex, next-generation Wireless signal processing applications.

- Mass adoption of Internet and Web-based applications, and other high-band width applications
- Ability to combine analog and digital signal processing into more integrated RF solutions
- Widespread application of low-cost, high-performance and functionality wireless networks
- Emergence of 4G, WiMAX, satellite and advanced wireless network infrastructure rollouts

Growing opportunity for advanced RF subsystems, modules and components.

- Demand for precise, high-speed signal conditioning interfaces between analog and digital
- Combining analog/digital signal processing capabilities into more highly integrated solutions
- Widespread application of low-cost, high-performance wireless network systems
- Convergence of computing, communications, and consumer electronics with state-of-the-art signal processing capability with less power consumption

Complements OEM design, and manufacturing capabilities.

- Deliver high quality and feature improvements that service provider requires
- Lower production costs and shorten product development cycles
- Adhere to flexibility, performance, streamlined procurement processes and value requirements

### *Competition*

The markets for the products that we offer are very competitive, are rapidly evolving. Competition may increase in the future, which could require us to reduce prices, increase advertising expenditures or take other actions that may have an adverse effect on our operating results. We believe that we will enjoy the following competitive advantages:

- Experienced team
- Superior performance products
- Proven mature reliable technology
- Competitive pricing
- Good deliveries

### **Our Strategy**

Our objective is to become a premier designer, manufacturer and distributor of high quality and state-of-the-art cryogenic microwave amplifiers, RF designs and applications for Wireless Networks and the future of Wireless Communication. Key elements of our strategy include the following:

- Reorganization to become a reporting company to improve access to capital resources
- New product development
- Commercializing of existing core technology into specific high-volume technology sectors and obtaining patent on such technology

### **Manufacturing**

Our manufacturing facilities are located at our corporate office in Bohemia, New York and in Ronkonkoma, New York. Our manufacturing process in Bohemia involves the assembly of numerous individual components and precise fine-tuning by production technicians. Our manufacturing facility is estimated to be capable of assembling up 100 amplifiers per month. If we receive larger quantity orders that need to be fulfilled in a short time-frame, or in excess of our capacity at the main facility, we will outsource the assembly by sending kitted raw materials to a qualified contract assembly facility in the local Northeast.

Our manufacturing process in Ronkonkoma is dedicated to the design, manufacturing and testing of passive microwave components, RF subsystems, specialized electronics and related products.

We are currently certified to the ISO 9001:2008 standard. ISO 9001 is a uniform worldwide Quality Management System (QMS) standard.



**Suppliers**

Our material consists of purchased component parts used in our assembly process. The following table describes supplier concentration based upon the percentage of materials purchased from each supplier for 2019:

Supplier A	\$	203,705	34.10 %
Supplier B		115,832	19.39 %
Supplier C		40,066	6.71 %
Supplier D		36,765	6.16 %
Supplier E		21,848	3.66 %
All other suppliers (approximately 51)		179,218	30.00 %
<b>Total</b>	<b>\$</b>	<b>597,434</b>	<b>100 %</b>

**Marketing**

We employ an aggressive and focused approach to market our products, at various venues including trade shows, strategic partnership and joint ventures, website and trade magazines.

We rely on our sales representatives or distributors to channel our products to about 15 countries in North America, Europe and Asia.

During the 4<sup>th</sup> quarter of 2016, we entered into an agreement appointing an exclusive distributor of our products in the U.S, Canada, Mexico and South America.

In February 2018, the Company entered into an advisory agreement with Sunbiz Holding Corp in order to promote market awareness in Asia and the Middle East.

*Trade Shows*

We attend trade shows such as MTTS (Microwave Theory and Techniques Show), IMS (International Microwave Symposium), EDIC (Electronic Design Innovation Conference) European Microwave Symposium, SATCON, MILCOM and the American Institute of Physics Exhibit (APS). We also sponsor some trade shows to gain recognition and presence.

*Strategic Partnership and Joint Ventures*

We explore opportunities with global OEMs (Original Equipment Manufacturers) by working strategic partnerships and joint ventures that improve sales and presence in the marketplace.

*Website*

We maintain a dynamic website to capture more business via worldwide customer searches for our products on the internet. Our website is available at [www.amplitechinc.com](http://www.amplitechinc.com).

*Trade Magazines*

We advertise our products in various trade magazines such as Microwave Journal, Microwaves & RF, High Frequency Electronics, etc.

## **Customers**

We serve a diverse customer base located primarily in the United States, with an increasing number in Europe, and Asia, across the industries as aerospace, governmental defense, commercial satellite. Our customers include Boeing Aerospace, Viasat, IBM, NASA, Raytheon, Government of Israel, Mercury Systems, WorldVu Development, O3B Networks, Intelsat, SiriusXM and Turner Broadcasting. As of December 31, 2019, there were no customers that accounted for more than 10% of our total revenue.

## **Government Regulation**

We are subject to several laws and regulations that affect companies generally and specifically those conducting business of electronics, many of which are still evolving and could be interpreted in ways that could harm our business. Existing and future laws and regulations may impede our growth. These regulations and laws may cover taxation, pricing, copyrights, distribution, electronic contracts and other communications, consumer protection, web services, and the characteristics and quality of products and services. Unfavorable regulations and laws could diminish the demand for our products and services and increase our cost of doing business. There are no specific laws or regulations applicable to our business.

## **Environmental Protection**

We comply with RoHS requirements. RoHS stands for Restriction of Use of Hazardous Substances regulations, which limit or ban specific substances such as lead, cadmium, polybrominated biphenyl (PBB), mercury, hexavalent chromium, and polybrominated diphenyl ether (PBDE) flame retardants, in new electronic and electric equipment.

## **Intellectual Property**

We regard domain names, tradename, customer relationships, trade secrets, proprietary technologies and similar intellectual property important to our success.

We rely on contractual restrictions to protect our proprietary rights in products and services. It is our policy to enter into confidentiality and invention assignment agreements with our employees and contractors as well as nondisclosure agreements with our suppliers and strategic partners in order to limit access to and disclosure of our proprietary information. We cannot assure you that these contractual arrangements or the other steps taken by us to protect our intellectual property will prove enough to prevent misappropriation of our technology or to deter independent third-party development of similar technologies.

## **Employees**

As of March 20, 2020, we have nineteen (19) full time employees. From time to time, we may hire additional workers on a contract basis as the need arises.

## **ITEM 1A. RISK FACTORS**

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

## **ITEM 1B. UNRESOLVED STAFF COMMENTS**

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

## **ITEM 2. PROPERTIES**

Our principal executive office is located at 620 Johnson Avenue, Bohemia, NY 11716. The property at this location is leased by the Company at monthly rental expense of \$4,167 for a term of five years ending January 31, 2021. The annual basic rent shall be increased by 3.75% in each successive lease year. Our wholly owned subsidiary, AmpliTech, Inc., also operates out of our principal executive office. We believe that currently this space is adequate.

The Company also entered into a five- year lease on the property located at 120 Raynor Avenue, Ronkonkoma, NY with an option to buy the property during the first two years of the lease for \$1.2 mm and then at fair market value for the remainder of the lease term. The lease commences on September 15, 2019 with a monthly rental expense of \$7,500. The annual rent shall be increased by 3% in each successive lease year beginning on January 1, 2021.

## **ITEM 3. LEGAL PROCEEDINGS**

There are no pending legal proceedings to which we are a party or of which any of our property is the subject. From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. Litigations are subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time and harm our business.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

Our common stock has become quoted on the OTC Bulletin Board under the symbol "AMPG" since February 22, 2013.

#### Holders

As of March 12, 2020, there were 51 holders of record of our common stock. This does not reflect the number of persons or entities who held stock in nominee or street name through various brokerage firms.

#### Dividend Policy

We have never declared or paid dividends on our common stock. We do not anticipate paying any dividends on our common stock in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. Any future determination to declare dividends will be subject to the discretion of our board of directors and will depend on various factors, including applicable laws, our results of operations, financial condition, future prospects and any other factors deemed relevant by our board of directors.

#### Recent Sales of Unregistered Securities

On July 2, 2019, the Company entered an engagement for strategic intellectual property consulting services with ipCapital Group ("ipCG"), to assist in the formulation and execution of Amplitech's intellectual property ("IP") strategy around its proprietary trade secrets, knowhow and technology to formulate a comprehensive "ipStory". The consideration paid to ipCG is \$30,000, of which ipCG has agreed to accept 200,000 shares of restricted common stock upon completion of the project. These shares were issued on October 15, 2019 at a value of \$14,000. The issuance was exempt from registration pursuant to Section 4(a)(1) of the Securities Act.

On October 15, 2019, the Company engaged Maxim Group LLC ("Maxim") as its financial advisor to assist the Company in growth strategy to the investment community with an ultimate goal of a potential up-list and capital raise on NASDAQ. As consideration for Maxim's services, Maxim received 550,000 shares of the Company's common stock, valued on October 15, 2019 at \$0.054 with a value of \$29,920, on January 13, 2020. The issuance was exempt from registration pursuant to Section 4(a)(1) of the Securities Act.

## ITEM 6. SELECTED FINANCIAL DATA

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

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and the accompanying notes thereto included in "Item 8. Financial Statements and Supplementary Data."*

### Forward-Looking Statements

In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. See "Forward-Looking Statements." Our results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors.

### Non- GAAP Financial Measures

We believe that presenting non-GAAP financial measures provides management and investors useful measures to evaluate performance and trends of the total company and its businesses. This includes adjustments in recent periods to GAAP financial measures to increase period-to-period comparability following actions to strengthen our overall financial position and how we manage our business.

### Business Overview

We design, engineer and assemble micro-wave component-based amplifiers that meet individual customer specifications. Our products consist of RF amplifiers and related subsystems, operating at multiple frequencies from 50kHz to 44GHz, including Low Noise Amplifiers, Medium Power Amplifiers, oscillators, filters, and custom assembly designs. We also offer non-recurring engineering services on a project-by-project basis, for a predetermined fixed contractual amount, or on a time plus material basis.

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

Our plans for the next year include new product development, expansion of existing product line and targeting mergers and acquisitions.

### Results of Operations

As of December 31, 2019, the Company had a working capital of \$1,354,758 and an Accumulated Deficit of \$842,813. The Company recorded income of \$5,945 and \$328,993 for the year ended December 31, 2019 and December 31, 2018, respectively.

### *For Years Ended December 31, 2019 and December 31, 2018*

#### *Revenues*

Sales increased from \$2,397,418 for the year ended December 31, 2018 to \$3,1202,630 for the year ended December 31, 2019, an increase of \$725,212 or approximately 30.25%. These results were impacted by the shift in new product demand in the telecommunication and cryogenic sectors, an increase in orders through our distributor and through the purchase of Specialty Microwave. Revenues for Specialty were \$510,364.

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

Cost of Goods Sold increased to \$1,556,654 in 2019 from \$1,016,226 in 2018, an increase of \$540,428 or approximately 53.18%. This increase was the direct result of the substantial increase in sales for the year as well as an increase in our outsourcing costs and raw materials. As our products become more customer specific, the cost of engineering support, assembly labor and custom parts have increased as well. In addition, we hired a new engineer and assembler as well as acquiring the employees of SMW. As a result, the gross profit was \$1,565,976 for 2019 compared to \$1,381,192 for 2018, an increase of \$184,784 or 13.38%. Gross profit as a percentage of sales decreased to 50.15% from 57.62% as a result of the product mix with some of our products that are being outsourced having a lower gross profit margin and the general cost increase in labor and materials.

### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses increased to \$1,483,979 in 2019 from \$1,039,768 in 2018, an increase of \$444,211, or approximately 42.73%. The Company experienced an increase in parent company expenses, such as director's fees, IR/PR fees and stock compensation expense relating to the issuance of warrants and our "iP story". The parent company also incurred approximately \$77,000 in acquisition expenses relating to SMW. In addition, research and development expenses have increased approximately \$15,000. The Company hired a new director of sales and a marketing associate to promote and expand existing and new product lines. Computer costs have increased due to computer software upgrades and the integration of Specialty Microwave.

### *Other Income (Expenses)*

Interest expense increased by \$63,621, or 511.80%, when comparing the year ended December 31, 2019 to the year ended December 31, 2018. The increase was primarily due to the additional borrowing on the Company's line of credit, bank loan and the purchase of Specialty.

### *Net Income*

The Company had net income of \$5,945 and \$328,993 in 2019 and 2018, respectively.

### *Non- GAAP Financial Measures*

#### *EBITDA*

	2019	2018
Net income	\$ 5,945	\$ 328,993
Add back:		
Interest	76,052	12,431
Depreciation and amortization	53,879	38,821
Amortization of prepaid consulting	65,640	37,604
Amortization of right of use operating lease asset	75,558	-
Amortization of debt discount	24,465	-
EBITDA	\$ 301,539	\$ 414,849
Additional expenditures:		
Stock based compensation	\$ 118,023	\$ -
IP Story (1)	10,000	-
Acquisition costs (2)	76,999	-
Adjusted EBITDA	\$ 506,231	\$ 414,849

(1) IP Story costs relate to ipCG assisting Amplitech to formulate a comprehensive "ipStory" around its proprietary trade secrets, knowhow and technology.

(2) Acquisition costs were affiliated with the purchase of Specialty Microwave and include audit and legal expenses and other professional fees.

### *Liquidity and Capital Resources*

#### Operating Activities

The net cash used in operating activities for the year ended December 31, 2019 was \$20,015 resulting primarily from the operating changes in accounts receivable, inventory, prepaid expenses, accounts payable and customer deposits and the operating lease liability.

The net cash provided by operating activities for the year ended December 31, 2018 was \$352,302 resulting primarily from net income and the operating changes in accounts receivable, inventory, prepaid expenses, accounts payable as well as customer deposits.

### Investing Activities

The net cash used in investing activities for the year ended December 31, 2019 and 2018 was \$681,286 and \$10,584, respectively, which was for the purchase of equipment and the cash paid for the acquisition of Specialty Microwave.

### Financing Activities

The net cash provided by financing activities for the year ended December 31, 2019 was \$833,915 a result of proceeds received from notes payable offset by the repayment of the line of credit and finance lease.

The net cash used in financing activities for the year ended December 31, 2018 was \$17,610 a result of repaying the line of credit.

We have historically financed our operations through net income, debt from third party lenders, notes issued to various private individuals and personal funds advanced from time to time by the majority shareholder, who is also the President and Chief Executive Officer of the Company.

As of December 31, 2019, we had cash and cash equivalents of \$574,712, a working capital of \$1,354,758 and an accumulated deficit of \$842,813.

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

### **Critical Accounting Policies, Estimates and Assumptions**

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

The discussion and analysis of our financial condition and results of operations is based upon our financial statements that 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.

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.

### **Basis of Accounting**

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

### **Principles of Consolidation**

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

### **Use of Estimates**

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

### **Cash and Cash Equivalents**

The Company considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents. As of December 31, 2019, the Company's cash and cash equivalents were deposited in two financial institutions.

### **Accounts Receivable**

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

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change in the future. An allowance of \$0 has been recorded at December 31, 2019 and 2018, respectively.

### **Inventories**

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

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

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	7 years	Straight-line
Machinery and equipment	5 to 7 years	Straight-line
Computer equipment	3 to 7 years	Straight-line
Vehicles	5 years	Straight-line

Long-lived assets

Long lived assets, such as property, plant and equipment are reviewed 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.

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.

Goodwill and Intangible Assets

Intangibles assets include goodwill, trademarks, intellectual property and customer base acquired through the asset purchase of Specialty Microwave. The Company accounts for Other Intangible Assets under the guidance of ASC 350, "Intangibles-Goodwill and Other." Under the guidance, other intangible assets with definite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are tested annually for impairment. Goodwill is not amortized. We test goodwill balances for impairment annually at December 31 or whenever impairment indicators arise.

Leases

On January 1, 2019, we adopted ASU No. 2016-02, "Leases (Topic 842)," which requires leases with durations greater than twelve months to be recognized on the balance sheet. We adopted this standard using the modified retrospective approach with an effective date as of the beginning of January 2019. Prior year financial statements were not restated under the new standard. 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. 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.



### 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.* Generally, our contracts with customers do not include multiple performance obligations to be completed over a period. Our performance obligations generally 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 December 31, 2019 contained a significant financing component. Revenue is recorded at the net sales price, which includes estimates of variable consideration such as product returns, rebates, discounts, and other adjustments. The estimates of variable consideration are based on historical payment experience, historical and projected sales data, and current contract terms. Variable consideration is included in revenue only to the extent that it is probable that a significant reversal of the revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues.

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

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

Reserves are recorded as a reduction in net sales and are not considered material to our consolidated statements of income for the years ended December 31, 2019 and 2018.

### Research and Development

Research and development expenditures are charged to operations as incurred. The major components of research and development costs include consultants, outside service, and supplies. Research and development costs for the years ended December 31, 2019 and 2018 were \$56,507 and \$42,941.

Income Taxes

The Company's deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and tax bases of certain assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. The deferred tax assets and liabilities are classified according to the financial statement classification of the assets and liabilities generating the differences. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The ASC prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The ASC provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At December 31, 2019 and 2018, the Company had no material unrecognized tax benefits.

Earnings Per Share

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

Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorizing within 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 categories:

**Level 1.** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Cash and cash equivalents are valued using inputs in Level 1.

**Level 2.** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3.** Inputs that are both significant to the fair value measurement and unobservable. These inputs rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Company's own data.

Stock-Based Compensation

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

### Concentration of Credit Risk

Financial instruments that potentially subject the company to concentration of credit risk consist primarily of accounts receivable. The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses. Therefore, management does not believe significant credit risks exist at December 31, 2019. Sales to the Company's two largest customers represented approximately 11% and 10% of total sales for the year ended December 31, 2019.

### Recent Accounting Pronouncements

On January 1, 2019, we adopted ASU No. 2016-02, "Leases (Topic 842)," which requires leases with durations greater than twelve months to be recognized on the balance sheet. We adopted this standard using the modified retrospective approach with an effective date as of the beginning of January 2019. Prior year financial statements were not restated under the new standard. 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. 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.

In June 2018, the FASB issued ASU 2018-07, *Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, which simplifies the accounting for nonemployee share-based payment transactions by expanding the scope of ASC Topic 718, *Compensation - Stock Compensation*, to include share-based payment transactions for acquiring goods and services from nonemployees. Under the new standard, most of the guidance on stock compensation payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. This standard became effective for us on January 1, 2019. The adoption of this standard did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, "Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement." ASU 2018-13 modifies the fair value measurements disclosures with the primary focus to improve effectiveness of disclosures in the notes to the financial statements that is most important to the users. The new guidance modifies the required disclosures related to the valuation techniques and inputs used, uncertainty in measurement, and changes in measurements applied. ASU 2018-13 will be effective for the Company for its fiscal year beginning after December 15, 2019 and each quarterly period thereafter. Early adoption is permitted. The Company is currently assessing the impact this new guidance may have on the Company's consolidated financial statements and footnote disclosures.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. This ASU removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. We are currently assessing the impact of this standard on our combined financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. ASU No. 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of a business or as acquisitions (or disposals) of assets. ASU No. 2017-01 is effective for annual periods beginning after December 15, 2018, with early adoption permitted under certain circumstances. The amendments of ASU No. 2017-01 were adopted by the Company effective January 1, 2019. The adoption of this standard had no impact on our consolidated financial position or results of operations.

We do not expect the adoption of these or other recently issued accounting pronouncements to have a significant impact on our results of operation, financial position or cash flow.

### **Off Balance Sheet Transactions**

As of December 31, 2019, we did not have any off-balance sheet arrangements.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**AmpliTech Group, Inc.**  
**Index to Consolidated Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-2
<a href="#">Consolidated Balance Sheets as of December 31, 2019 and 2018</a>	F-3
<a href="#">Consolidated Statements of Operations for the years ended December 31, 2019 and 2018</a>	F-4
<a href="#">Consolidated Statements of Stockholders' Equity for the years ended December 31, 2019 and 2018</a>	F-5
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018</a>	F-6
<a href="#">Notes to Consolidated Financial Statements</a>	F-7



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Amplitech Group, Inc.:

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Amplitech Group, Inc. (“the Company”) as of December 31, 2019 and 2018, the related consolidated statements of operations, stockholders’ equity and cash flows for each of the years in the two-year period ended December 31, 2019 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provides a reasonable basis for our opinion.

*/s/ Sadler, Gibb & Associates, LLC*

We have served as the Company’s auditor since 2013.

Salt Lake City, UT  
March 25, 2020

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

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b><u>Assets</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 574,712	\$ 442,098
Accounts receivable	619,195	262,002
Inventories, net	557,710	391,188
Prepaid expenses	124,209	120,100
<b>Total Current Assets</b>	<b>1,875,826</b>	<b>1,215,388</b>
Property and equipment, net	198,110	180,745
Right of use operating lease assets	465,092	-
Intangible assets, net	673,429	-
Goodwill	120,136	-
Security deposits	27,821	11,707
<b>Total Assets</b>	<b>\$ 3,360,414</b>	<b>\$ 1,407,840</b>
<b><u>Liabilities and Stockholders' Equity</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	154,507	\$ 86,125
Customer deposits	35,680	190,400
Current portion of financing lease	30,556	29,180
Current portion of operating lease	130,628	-
Current portion of notes payable	169,697	-
Line of credit	-	72,897
<b>Total Current Liabilities</b>	<b>521,068</b>	<b>378,602</b>
<b>Long Term Liabilities</b>		
Finance lease, net of current portion	83,376	113,933
Operating lease, net of current portion	338,344	-
Notes payable, net of current portion	1,323,953	-
<b>Total Liabilities</b>	<b>2,266,741</b>	<b>492,535</b>
<b>Commitments and Contingencies</b>	<b>-</b>	<b>-</b>
<b>Stockholders' Equity</b>		
Series A convertible preferred stock, par value \$0.001, 401,000 shares authorized, 1,000 shares issued and outstanding, respectively	1	1
Series B convertible preferred stock, par value \$0.001, 75,000 shares authorized, 0 shares issued and outstanding, respectively	-	-
Common Stock, par value \$0.001, 500,000,000 shares authorized, 49,086,326 and 48,336,326 shares issued and outstanding, respectively	49,086	48,336
Common stock payable	24,480	-
Additional paid-in capital	1,862,919	1,715,726
Accumulated deficit	(842,813)	(848,758)
<b>Total Stockholders' Equity</b>	<b>1,093,673</b>	<b>915,305</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 3,360,414</b>	<b>\$ 1,407,840</b>

See accompanying notes to the consolidated financial statements

**AmpliTech Group, Inc.**  
**Consolidated Statements of Operations**  
**For The Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>	\$ 3,122,630	\$ 2,397,418
<b>Cost of goods sold</b>	<u>1,556,654</u>	<u>1,016,226</u>
Gross Profit	1,565,976	1,381,192
<b>Selling, general and administrative expense</b>	<u>1,483,979</u>	<u>1,039,768</u>
Income From Operations	81,997	341,424
<b>Other Expenses</b>		
Interest expense, net	<u>(76,052 )</u>	<u>(12,431 )</u>
<b>Income Before Income Taxes</b>	5,945	328,993
Provision For Income Taxes	<u>-</u>	<u>-</u>
<b>Net Income</b>	<u>\$ 5,945</u>	<u>\$ 328,993</u>
<b>Net Income Per Share;</b>		
Basic	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Diluted	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>Weighted Average Shares Outstanding;</b>		
Basic	<u>48,593,312</u>	<u>47,771,668</u>
Diluted	<u>89,998,615</u>	<u>87,674,310</u>

See accompanying notes to the consolidated financial statements

**Amplitech Group, Inc.**  
**Consolidated Statements of Stockholders' Equity**  
**For The Years Ended December 31, 2019 and 2018**

	Series A Convertible Preferred		Common Stock		Common Stock Payable	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	Par Value	Number of Shares	Par Value				
<b>Balance, December 31, 2017</b>	<b>1,000</b>	<b>\$ 1</b>	<b>46,136,326</b>	<b>\$ 46,136</b>	<b>\$ -</b>	<b>\$ 1,631,976</b>	<b>\$ (1,177,751)</b>	<b>\$ 500,362</b>
Common stock issued for prepaid consulting	-	-	2,200,000	2,200	-	83,750	-	85,950
Net income for the year ended December 31, 2018	-	-	-	-	-	-	328,993	328,993
<b>Balance, December 31, 2018</b>	<b>1,000</b>	<b>\$ 1</b>	<b>48,336,326</b>	<b>\$ 48,336</b>	<b>\$ -</b>	<b>\$ 1,715,726</b>	<b>\$ (848,758)</b>	<b>\$ 915,305</b>
Stock based compensation	-	-	750,000	750	-	147,193	-	147,943
Common stock payable	-	-	-	-	24,480	-	-	24,480
Net income for the year ended December 31, 2019	-	-	-	-	-	-	5,945	5,945
<b>Balance, December 31, 2019</b>	<b>1,000</b>	<b>\$ 1</b>	<b>49,086,326</b>	<b>\$ 49,086</b>	<b>\$ 24,480</b>	<b>\$ 1,862,919</b>	<b>\$ (842,813)</b>	<b>\$ 1,093,673</b>

See accompanying notes to the consolidated financial statements



**AmpliTech Group, Inc.**  
**Consolidated Statements of Cash Flows**  
**For The Years Ended December 31, 2019 and 2018**

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b>Cash Flows from Operating Activities:</b>		
Net Income	\$ 5,945	\$ 328,993
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	53,879	38,821
Amortization of prepaid consulting	65,640	37,604
Amortization of right-of-use operating lease asset	75,558	-
Stock based compensation	118,023	-
Amortization of debt discount	24,465	-
Changes in Operating Assets and Liabilities:		
Accounts receivable	(357,193)	(124,537)
Inventories	135,232	(55,520)
Prepaid expenses	42,843	(57,903)
Security deposits	(16,114)	(2,954)
Accounts payable and accrued expenses	65,954	28,980
Operating lease liability	(69,250)	-
Customer deposits	(164,997)	158,818
Total Adjustments	(25,960)	23,309
Net cash (used in) provided by operating activities	(20,015)	352,302
<b>Cash Flows from Investing Activities:</b>		
Purchase of equipment	(12,653)	(10,584)
Cash paid in acquisition	(668,633)	-
Net cash used in investing activities	(681,286)	(10,584)
<b>Cash Flows from Financing Activities:</b>		
Repayment of line of credit, net	(72,897)	(3,538)
Repayments on finance lease	(29,181)	(14,072)
Proceeds from notes payable	1,325,535	-
Repayment of notes payable	(389,542)	-
Net cash provided by (used in) financing activities	833,915	(17,610)
Net change in cash and cash equivalents	132,614	324,108
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>442,098</b>	<b>117,990</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 574,712</b>	<b>\$ 442,098</b>
<b>Supplemental disclosures:</b>		
Cash paid for interest expense	\$ 51,891	\$ 8,706
Cash paid for income taxes	\$ 50	\$ 50
<b>Non-Cash Investing and Financing Activities</b>		
Shares issued for prepaid consulting	\$ -	\$ 85,950
Original issuance discount	\$ 24,465	\$ -
Equipment purchased with capital lease	\$ -	\$ 157,184
Adoption of ASC 842 operating lease asset and liability	\$ 540,651	\$ -
Promissory note issued in Specialty acquisition	\$ 475,000	\$ -
Intangible assets acquired in Specialty acquisition	\$ 806,000	\$ -
Inventory acquired in Specialty acquisition	\$ 301,754	\$ -
Property acquired in Specialty acquisition	\$ 46,156	\$ -
Liabilities assumed in Specialty acquisition	\$ 10,277	\$ -
Promissory note entered for deposit on equipment	\$ 58,192	\$ -

See accompanying notes to the consolidated financial statements

**AmpliTech Group, Inc.**  
**Notes To Consolidated Financial Statements**  
**For The Year Ended December 31, 2019 and 2018**

**(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 16,675,000 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 1,200,000 shares of the outstanding 17,785,000 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 micro-wave 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 (SMW), a privately held company based in Ronkonkoma, NY. The purchase included all inventory, orders, customers, fixed assets, and all intellectual property. The assets also included all eight team members of SMW. 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%. The Company also entered into a five-year lease on the property located at 120 Raynor Avenue, Ronkonkoma, NY with an option to buy the property during the first two years of the lease for \$1,200,000 and then at fair market value for the remainder of the lease term (see Note 4).

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

**(2) Summary of Significant Accounting Policies**

**Basis of Accounting**

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

**AmpliTech Group, Inc.**  
**Notes To Consolidated Financial Statements**  
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*Principles of Consolidation*

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

*Use of Estimates*

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

*Cash and Cash Equivalents*

The Company considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents. As of December 31, 2019, the Company's cash and cash equivalents were deposited in two financial institutions.

*Accounts Receivable*

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

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change in the future. An allowance of \$0 has been recorded at December 31, 2019 and 2018, respectively.

*Inventories*

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

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.

**AmpliTech Group, Inc.**  
**Notes To Consolidated Financial Statements**  
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**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:

<b>Description</b>	<b>Useful Life</b>	<b>Method</b>
Office equipment	7 years	Straight-line
Machinery and equipment	5 to 7 years	Straight-line
Computer equipment	3 to 7 years	Straight-line
Vehicles	5 years	Straight-line

**Long-lived assets**

Long lived assets, such as property, plant and equipment are reviewed 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.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount of fair value less costs to sell and would no longer be depreciated. The depreciable basis of assets that are impaired and continue in use is their respective fair values.

**Goodwill and Intangible Assets**

Intangibles assets include goodwill, trademarks, intellectual property and customer base acquired through the asset purchase of Specialty Microwave. The Company accounts for Other Intangible Assets under the guidance of ASC 350, "Intangibles-Goodwill and Other." Under the guidance, other intangible assets with definite lives are amortized over their estimated useful lives Intangible assets with indefinite lives are tested annually for impairment. Goodwill is not amortized. We test goodwill balances for impairment annually at December 31 or whenever impairment indicators arise.

**AmpliTech Group, Inc.**  
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Leases

On January 1, 2019, we adopted ASU No. 2016-02, "Leases (Topic 842)," which requires leases with durations greater than twelve months to be recognized on the balance sheet. We adopted this standard using the modified retrospective approach with an effective date as of the beginning of January 2019. Prior year financial statements were not restated under the new standard. 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. 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.

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.* Generally, our contracts with customers do not include multiple performance obligations to be completed over a period. Our performance obligations generally 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 December 31, 2019 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 Consolidated Financial Statements**  
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*Allocate the transaction price to performance obligations in the contract.* We typically do not have multiple performance obligations in our contracts with customers. As such, we generally recognize revenue upon transfer of the product to the customer's control at contractually stated pricing.

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

Reserves are recorded as a reduction in net sales and are not considered material to our consolidated statements of income for the years ended December 31, 2019 and 2018.

*Research and Development*

Research and development expenditures are charged to operations as incurred. The major components of research and development costs include consultants, outside service, and supplies. Research and development costs for the years ended December 31, 2019 and 2018 were \$56,507 and \$42,941.

*Income Taxes*

The Company's deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and tax bases of certain assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. The deferred tax assets and liabilities are classified according to the financial statement classification of the assets and liabilities generating the differences. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The ASC prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The ASC provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At December 31, 2019 and 2018, the Company had no material unrecognized tax benefits.

**AmpliTech Group, Inc.**  
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**Earnings Per Share**

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

	<u><b>Net Income</b></u>	<u><b>Shares</b></u>	<u><b>Per Share Amount</b></u>
For the year ended December 31, 2019:			
Basic EPS	\$ 5,945	49,536,326	\$ 0.00
Effect of dilutive stock options, warrants and series A shares		40,462,289	
Diluted EPS	<u>\$ 5,945</u>	<u>89,998,615</u>	<u>\$ 0.00</u>
For the year ended December 31, 2018:			
Basic EPS	\$ 328,993	47,771,668	\$ 0.00
Effect of dilutive stock options, warrants and series A shares		39,902,642	
Diluted EPS	<u>\$ 328,993</u>	<u>87,674,310</u>	<u>\$ 0.00</u>

**Fair Value of Assets and Liabilities**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to information used to determine fair values. Categorization within 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 categories as follows:

**Level 1.** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Cash and cash equivalents are valued using inputs in Level 1.

**AmpliTech Group, Inc.**  
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**Level 2.** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3.** Inputs that are both significant to the fair value measurement and unobservable. These inputs rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Company's own data.

**Stock-Based Compensation**

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

**Concentration of Credit Risk**

Financial instruments that potentially subject the company to concentration of credit risk consist primarily of accounts receivable. The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses. Therefore, management does not believe significant credit risks exist at December 31, 2019. Sales to the Company's two largest customers represented approximately 11% and 10% of total sales for the year ended December 31, 2019.



**AmpliTech Group, Inc.**  
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*Recent Accounting Pronouncements*

On January 1, 2019, we adopted ASU No. 2016-02, "Leases (Topic 842)," which requires leases with durations greater than twelve months to be recognized on the balance sheet. We adopted this standard using the modified retrospective approach with an effective date as of the beginning of January 2019. Prior year financial statements were not restated under the new standard. 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. 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.

In June 2018, the FASB issued ASU 2018-07, *Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, which simplifies the accounting for nonemployee share-based payment transactions by expanding the scope of ASC Topic 718, *Compensation - Stock Compensation*, to include share-based payment transactions for acquiring goods and services from nonemployees. Under the new standard, most of the guidance on stock compensation payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. This standard became effective for us on January 1, 2019. The adoption of this standard did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, "Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement." ASU 2018-13 modifies the fair value measurements disclosures with the primary focus to improve effectiveness of disclosures in the notes to the financial statements that is most important to the users. The new guidance modifies the required disclosures related to the valuation techniques and inputs used, uncertainty in measurement, and changes in measurements applied. ASU 2018-13 will be effective for the Company for its fiscal year beginning after December 15, 2019 and each quarterly period thereafter. Early adoption is permitted. The Company is currently assessing the impact this new guidance may have on the Company's consolidated financial statements and footnote disclosures.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. This ASU removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. We are currently assessing the impact of this standard on our combined financial statements.

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In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. ASU No. 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of a business or as acquisitions (or disposals) of assets. ASU No. 2017-01 is effective for annual periods beginning after December 15, 2018, with early adoption permitted under certain circumstances. The amendments of ASU No. 2017-01 were adopted by the Company effective January 1, 2019. The adoption of this standard had no impact on our consolidated financial position or results of operations.

We do not expect the adoption of these or other recently issued accounting pronouncements to have a significant impact on our results of operation, financial position or cash flow.

### 3) Revenues

The following table presents sales disaggregated based on geographic regions by entity and for the years ended:

<b>Amplitech Inc.</b>	<b>2019</b>	<b>2018</b>
<b>Domestic sales</b>	\$ 1,706,946	\$ 2,007,357
<b>Foreign sales</b>	905,056	390,061
<b>Total sales</b>	\$ 2,612,002	\$ 2,397,418
<b>Specialty Microwave</b>	<b>2019</b>	<b>2018</b>
<b>Domestic sales</b>	\$ 454,235	\$ -
<b>Foreign sales</b>	56,129	-
<b>Total sales</b>	\$ 510,364	\$ -

**AmpliTech Group, Inc.**  
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**(4) Acquisition of Specialty Microwave**

On September 12, 2019, Amplitech Group Inc. acquired Specialty Microwave Corporation (SMW), 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 SMW. 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%. Additional acquisition costs that were expensed at December 31, 2019 totaled approximately \$77,000. The Company also entered into a five- year lease on the property located at 120 Raynor Avenue, Ronkonkoma, NY with an option to buy the property during the first two years of the lease for \$1.2 mm and then at fair market value for the remainder of the lease term.

As both companies are similar in nature, the acquisition will allow the combined resources and customer base to support more productivity and help in the development of new product lines. We started consolidating both companies for financial reporting purposes as of September 12, 2019. From the date of acquisition to December 31, 2019, SMW reported revenue of \$ 510,364.

The fair value of the purchase consideration issued to Specialty Microwave was allocated to the net tangible assets acquired. The Company accounted for the Acquisition as the purchase of a business under GAAP under the acquisition method of accounting, and the assets and liabilities acquired were recorded as the acquisition date, at their respective fair values and consolidated with those of the Company. The fair value of the net assets acquired was approximately \$337,633. The excess of the aggregate fair value of the net tangible assets has been allocated to net intangible assets of \$806,000.

The following table summarizes the allocation of the purchase price of the acquisition:

Provisional purchase consideration at fair value:

Cash	\$ 668,633
Promissory Note	475,000
Total purchase price	<u>\$ 1,143,633</u>

Allocation of purchase price:

Inventory	\$ 301,754
Property and equipment	46,156
Goodwill	120,136
Tradename	70,233
Customer relationships	412,860
Intellectual property	202,771
Less: Customer Deposit	(10,277)
Net assets acquired	<u>\$ 1,143,633</u>

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The following table summarizes the Company's consolidated results of operations for the three and nine months ended, as well as unaudited pro forma consolidated results of operations as though the acquisition had occurred on January 1, 2018:

	<b>For the year ended 31-Dec-19</b>	
	<b>As Reported</b>	<b>Pro Forma</b>
Net sales	\$ 3,122,630	\$ 4,041,837
Net income attributable to common shareholders	\$ 5,945	\$ 141,053
Earnings per common share, basic and diluted:		
Basic	\$ 0.00	\$ 0.00
Diluted	\$ 0.00	\$ 0.00
	<b>For the year ended 31-Dec-18</b>	
	<b>As Reported</b>	<b>Pro Forma</b>
Net sales	\$ 2,397,418	\$ 3,085,889
Net income attributable to common shareholders	\$ 328,993	\$ 554,677
Earnings per common share, basic and diluted:		
Basic	\$ 0.00	\$ 0.01
Diluted	\$ 0.00	\$ 0.00

The unaudited pro-forma results of operations are presented for information purposes only. The unaudited pro-forma results of operations are not intended to present actual results that would have been attained had the Acquisition been completed as of January 1, 2018 or to project potential operating results as of any future date or for any future periods.

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**(5) Inventories**

The inventory value at December 31, 2019 and 2018 was as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Raw Materials	\$ 403,168	\$ 279,437
Work-in Progress	135,223	69,480
Finished Goods	124,510	118,545
Engineering Models	3,726	3,726
Subtotal	\$ 666,856	\$ 471,188
Less: Reserve for Obsolescence	(109,146 )	(80,000 )
Total	<u>\$ 557,710</u>	<u>\$ 391,188</u>

**(6) Property and Equipment**

Property and Equipment with estimated useful lives of three, five and seven years consisted of the following at December 31, 2019 and 2018:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Lab Equipment	\$ 728,620	\$ 725,348
Manufacturing Equipment	25,000	-
Automobiles	19,527	-
Furniture and Fixtures	31,201	20,192
Subtotal	804,348	745,540
Less: Accumulated Depreciation	(606,238 )	(564,795 )
Total	<u>\$ 198,110</u>	<u>\$ 180,745</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$41,443 and \$38,821 respectively.

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**(7) Intangible Assets**Goodwill

The goodwill is related to the acquisition of Specialty Microwave Corp. on September 12, 2019 and is primarily related to expected improvements and technology performance and functionality, as well sales growth from future product and service offerings and new customers, together with certain intangible assets that do not qualify for separate recognition. Goodwill is generally not amortizable for tax purposes and is not amortizable for financial statement purposes. As of December 31, 2019, goodwill is valued at \$120,136.

Other Intangible Assets

Intangible assets with an estimated useful life of fifteen years consisted of the following at December 31, 2019:

	Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Life
Trade name	\$ 70,233	\$ -	\$ 70,233	Indefinite
Customer relationships	412,860	8,295	404,565	14.7
Intellectual Property	202,771	4,140	198,631	14.7
<b>Total</b>	<b>\$ 685,864</b>	<b>\$ 12,435</b>	<b>\$ 673,429</b>	

**(8) Line of Credit**

On November 16, 2015, the Company entered into a commercial line of credit for \$150,000. This agreement will be paid over a three-year term with monthly payments equal to 2.780% of the outstanding balance plus accrued interest. The initial variable interest rate on this agreement is 5.25% per annum. This interest rate may change every year on the anniversary date or change date to reflect the new prime rate in effect as per the Wall Street Journal plus 2%. The interest rate will never be greater than 25% or less than 5%. On April 20, 2016, the existing line of credit was increased from \$150,000 to \$250,000 with an extended maturity date of April 20, 2019. The outstanding balance as of December 31, 2019 and 2018 was \$0 and \$72,897, respectively. The Company repaid the line of credit and interest \$74,283 during the year ended December 31, 2019. Interest expense relating to this line of credit for the years ended December 31, 2019 and 2018 was \$1,386 and \$6,979, respectively. This line of credit was closed on October 4, 2019.

On September 12, 2019, Amplitech entered a new business line of credit for \$500,000 maturing on October 1, 2020. The line will be evaluated monthly on a borrowing base formula advancing 75% of the accounts receivables aged less than 90 days and 50% of inventory raw materials costs. The interest rate shall be based upon the Wall Street Journal Prime Rate, plus 1%. As of December 31, 2019, the outstanding balance is \$0.

**AmpliTech Group, Inc.**  
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**(9) Leases**

We adopted ASC 842 “Leases” using the modified retrospective approach, electing the practical expedient that allows us not to restate our comparative periods prior to the adoption of the standard on January 1, 2019. As such, the disclosures required under ASC 842 are not presented for periods before the date of adoption.

The following was included in our balance sheet as of December 31, 2019:

	<b>As of December 31, 2019</b>
<b>Operating leases</b>	
<i>Assets</i>	
ROU operating lease assets	\$ 465,092
<i>Liabilities</i>	
Current portion of operating lease	130,628
Operating lease, net of current portion	338,344
Total operating lease liabilities	\$ 468,972
<b>Finance leases</b>	
<i>Assets</i>	
Property and equipment, gross	\$ 157,184
Accumulated depreciation	(33,682)
Property and equipment, net	\$ 123,502
<i>Liabilities</i>	
Current portion of financing lease	\$ 30,556
Finance lease, net of current portion	83,376
Total operating lease liabilities	\$ 113,932

The weighted average remaining lease term and weighted average discount rate at December 31, 2019 were as follows:

	<b>December 31, 2019</b>
<b>Weighted average remaining lease term (years)</b>	
Operating leases	4.18
Finance leases	3.50
<b>Weighted average discount rate</b>	
Operating leases	6.34 %
Finance leases	4.89 %

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**Finance Lease**

The Company entered into a 60-month lease agreement to finance certain laboratory equipment in July 2018 with a purchase option of \$1. As such, the Company has accounted for this transaction as a finance lease.

The following table reconciles future minimum finance lease payments to the discounted lease liability as of December 31, 2019:

2020	\$	37,778
2021		37,778
2022		37,778
2023		18,889
Total lease payments		132,224
Less imputed interest		(10,112)
Less sales tax		(8,179)
Total lease obligations		113,932
Less current obligations		(30,556)
Long-term lease obligations	\$	83,376

**Operating Leases**

On December 4, 2015, the Company entered into a new operating lease agreement to rent office space in Bohemia, NY. This five-year agreement commenced February 1, 2016 with an annual rent of \$50,000 and 3.75% increases in each successive lease year.

On January 15, 2016, the Company entered into a five-year agreement to lease 2 copiers with an annual payment of \$2,985.

On September 12, 2019, the Company entered into a new operating lease agreement to rent office space in Ronkonkoma, NY. This five-year agreement commenced on September 12, 2019 with an annual rent of \$90,000 and 3% increase in each successive lease year beginning in 2021. The Company has an option to buy the property during the first two years of the lease for \$1,200,000 and then at fair market value for the remainder of the lease term.

On November 27, 2019, the Company entered a 39-month agreement to lease an automobile with a monthly payment of \$420.



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The following table reconciles future minimum operating lease payments to the discounted lease liability as of December 31, 2019:

2020	\$	156,169
2021		102,849
2022		100,521
2023		98,765
2024		75,972
Total lease payments		534,276
Less imputed interest		(65,304)
Total lease obligations		468,972
Less current obligations		(130,628)
Long-term lease obligations	\$	338,344

**(10) Notes Payable**

**Promissory Note:**

On September 12, 2019, Amplitech Group Inc. acquired Specialty Microwave Corporation (SMW), a privately held company based in Ronkonkoma, NY. The purchase included all inventory, orders, customers, fixed assets, and all intellectual property. The assets also included all eight team members of SMW. The total consideration paid was \$1,143,633, consisting of \$668,633 in cash and a \$475,000 promissory note with an interest rate of 6%. Beginning November 1, 2019, payment of principal and interest shall be due payable in fifty-nine (59) monthly payments of \$9,213 with a final payment due October 1, 2024 of \$9,203. As of December 31, 2019, the balance of this promissory note was \$454,544. Principal payments of \$20,456 along with interest expense of \$7,185 was paid for the year ended December 31, 2019. The promissory note is secured by certain assets of the Company.

**Loan Payable:**

On March 18, 2019, the Company secured additional financing of \$350,000, net of a \$24,465 original issuance discount. The note bears interest at a rate of 10.79% per annum, under a five-year term to aid our growth initiatives. The loan balance of \$324,199, including accrued interest was paid in full in October 2019.

On September 12, 2019, the Company entered a \$1,000,000 seven- year term loan with amortization based on a ten- year repayment schedule. The loan bears interest at a fixed rate of 6.75% with a monthly repayment amount of \$11,533. As of December 31, 2019, the balance of the loan was \$982,423 and interest expense paid was \$17,022. This loan is collateralized by all Company assets.

**AmpliTech Group, Inc.**  
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In addition, on September 12, 2019, the Company was approved for a \$250,000 equipment leasing facility. On December 20, 2019, the Company borrowed \$58,192 against this facility to be paid over a three-year term with monthly payments of \$ 1,736 at an interest rate of 5.26%. The balance as of December 31, 2019 was \$56,683.

Future principal payments over the term of the loans as of December 31, 2019 are as follows:

<b>For the years ended December 31,</b>	<b>Payments</b>
2020	169,697
2021	187,969
2022	198,398
2023	191,725
Thereafter	745,861
Total remaining payments	<u>\$ 1,493,650</u>

**(11) Income Taxes**

In 2017, the U.S. enacted the Tax Cuts and Jobs Act which significantly changed U.S. tax law. The Act lowered the U.S. statutory federal income tax rate from 35% to 21% effective January 1, 2018. This had an effect on the value of the Company's net operating loss carryover, but since the deferred tax asset is fully reserved, it had no impact on the Company's financial statements. The impact of the change is reflected in the table below.

The provision for (benefit from) income taxes for the years ended December 31, 2019 and 2018 are as follows, at the expected combined effective tax rate of approximately 26%.

**AmpliTech Group, Inc.**  
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	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
Federal and state net operating loss	\$ 1,248	\$ 69,089
Meals & entertainment	90	61
Life insurance	825	825
Goodwill amortization	(888)	-
Stock-based compensation	24,875	7,879
Depreciation	(5,474)	737
State tax, net of federal benefit	(62)	(6,580)
Other	(3,344)	(3,344)
Tax rate change	-	72,413
Change in Valuation Allowance	(17,180)	(141,098)
Total income tax provision	<u>\$ -</u>	<u>\$ -</u>

The provision for Federal income tax consists of the following for the years ended December 31, 2019 and 2018:

	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
Net operating loss carryforwards	\$ 19,273	\$ 75,922
Depreciation	3,191	8,665
Goodwill amortization	(888)	-
Stock based compensation	137,934	92,102
Valuation allowance	(159,509)	(176,689)
Total net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

The Company has maintained a full valuation allowance against the total deferred tax assets for all periods due to the uncertainty of future utilization.

As of December 31, 2019, the Company has net federal and state net operating loss carry forwards of approximately \$91,777 that begin to expire in 2037.

**AmpliTech Group, Inc.**  
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**(12) Stockholders' Equity**

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.

In July 2013, the Board of Directors of the Company designated 140,000 shares of Preferred Stock as Series A Convertible Preferred Stock (or "Series A"). Furthermore, each share of Series A is convertible into 100 shares of common stock at any time after issuance and the holder of each share of Series A is entitled to 100 votes when the vote of holders of the Company's common stock is sought. In January 2015, the Board of Directors of the Company increased the number of Series A designated from 140,000 to 401,000. There are currently 1,000 shares of Series A outstanding.

In April 2015, the Board of Directors of the Company designated 75,000 shares of Preferred Stock as Series B Convertible Preferred Stock (or "Series B"). The Series B shares are convertible into common stock at a conversion rate of one Series B share for 289 common shares. In addition, a holder of Series B Preferred Stock shall not be entitled to have any voting rights and shall hold a liquidation preference junior to a holder of Series A shares and pari passu with common shareholders. There are currently no shares of Series B outstanding.

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. As of December 31, 2019, and 2018, the Company had 49,086,326 and 48,336,326 shares of common stock issued and outstanding, respectively.

On February 14, 2018, the Company entered into an advisory agreement to assist in product sales and distribution in Asia and the Middle East. The advisor was paid compensation of a total of 2.2 million shares of restricted common stock valued at the closing market price on the date the shares were issued. The first installment of 500,000 shares was issued on February 14, 2018 at \$0.035 and the second installment of 1,700,000 shares on April 9, 2018 at \$0.04. The total value of shares issued for services aggregated to \$85,500. As of December 31, 2019, \$80,633 of the stock- expense had been recognized and \$5,317 remained as a prepaid to be amortized over a two-year service period.

On July 2, 2019, Amplitech Group, Inc. entered an engagement for strategic intellectual property consulting services with ipCapital Group ("ipCG"), to assist in the formulation and execution of Amplitech's intellectual property ("IP") strategy around its proprietary trade secrets, knowhow and technology to formulate a comprehensive "ipStory". The consideration paid to ipCG is \$30,000, of which ipCG has agreed to accept 200,000 shares of restricted common stock upon completion of the project. These shares were issued on October 15, 2019 at a value of \$14,000.

**AmpliTech Group, Inc.**  
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On October 15, 2019, the Company engaged Maxim Group LLC (“Maxim”) as its financial advisor to assist the Company in growth strategy to the investment community with an ultimate goal of a potential up-list and capital raise on NASDAQ.

As consideration for Maxim’s services, Maxim shall be entitled to receive, and the Company agrees to pay Maxim, the following compensation:

- (a) The Company will issue to Maxim or its designees 2,000,000 shares of the Company’s Common Stock (“Common Stock”) based on the following schedule:
  - i. 550,000 restricted shares of Common Stock upon the execution of the Agreement implying a price per share of \$0.10. These shares were valued on October 15, 2019 at \$0.054 with a value of \$29,920. As of December 31, 2019, \$12,589 was expensed with the balance of \$17,331 in prepaid expenses to be amortized over the vesting period. The shares were issued on January 13, 2020.
  - ii. \$54,000 payable in 450,000 restricted shares of Common Stock six months from the date of the Agreement implying a price per shares of \$0.12. These shares were valued on October 15, 2019 at a price of \$0.054 with a value of \$24,480. As of December 31, 2019, these shares have not been issued and classified as common stock payable.
  - iii. 1,000,000 restricted shares of Common Stock upon an up listing of the Company’s Common Stock to a national exchange (NASDAQ or NYSE).

Options:

During 2014, the Company granted the chief executive officer of the Company an immediately exercisable option to purchase an aggregate of 400,000 shares of Series A at an exercise price of \$0.0206 per share. There is no expiration date for this option and the related expense has been recorded in prior years.

**AmpliTech Group, Inc.**  
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**Warrants:**

On April 25, 2019, Wayne Homschek joined the Board of Directors as an independent Director who will aid in corporate strategy, financing and investor relations. He will be paid \$5,000 per month for one year and receive a warrant, exercisable into 3,000,000 shares of common stock at an exercise price of \$0.03 per share. As per the agreement, 1,500,000 warrants vest in six months and the remaining balance of 1,500,000 shall vest one year later. The following table summarizes the warrants outstanding of the Company for the year ended December 31, 2019:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Intrinsic Value</b>
Outstanding at December 31, 2018	-	-	
Granted	3,000,000	.03	
Exercised	-	-	
Expired	-	-	
Outstanding at December 31, 2019	3,000,000	.03	\$ 113,400
Exercisable at December 31, 2019	1,500,000	.03	\$ 56,700

The Company has calculated the estimated fair market value of these warrants at \$142,950, using the Black-Scholes model and the following assumptions: expected term 5.75 years, stock price \$0.05, exercise price \$0.03, 153.48% volatility, 2.35% risk free rate, and no forfeiture rate. The weighted average life of these warrants is 9.32 years.

The Company recognized stock-based compensation of \$104,023 and \$0 for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019, the total remaining unrecognized compensation cost related to non-vested warrants was \$38,927.

**(13) Subsequent events**

In accordance with ASC 855-10, Company management reviewed all material events through the date of this report.

There are no material subsequent events to report.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

### ITEM 9A. CONTROLS AND PROCEDURES

#### *Evaluation of Disclosure Controls and Procedures*

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

Based on the evaluation as of December 31, 2019, for the reasons set forth below, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

#### *Management's Annual Report on Internal Control Over Financial Reporting.*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to, in general, provide reasonable assurance to our management and the Board of Directors regarding the preparation and fair presentation of published financial statements, but because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

The framework used by management in making that assessment was the criteria set forth in the document entitled "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013). Based on that re-evaluation due to material weakness identified below, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were not effective as of December 31, 2019 to ensure that information required to be disclosed in our Exchange Act reports was (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure, because of material weaknesses in our internal controls over financial reporting. We have identified the following material weaknesses.

1. As of December 31, 2019, we did not maintain effective controls over the control environment. Specifically, we have not developed and effectively communicated to our employees the accounting policies and procedures. This has resulted in inconsistent practices. Further, the Board of Directors does not currently have any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. Since these entity level programs have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.
2. As of December 31, 2019, we did not maintain effective controls over financial statement disclosure. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in our financial statements. Accordingly, management has determined that this control deficiency constitutes a material weakness.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2019, based on the criteria established in "INTERNAL CONTROL-INTEGRATED FRAMEWORK" issued by the COSO.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

#### *Changes in Internal Control over Financial Reporting*

There were no changes that have affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during the period covered by this report.

### ITEM 9B. OTHER INFORMATION

None.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our executive officers and directors are as follows:

Name	Age	Position
Fawad Maqbool (1)	59	Chairman, President, Chief Executive Officer, and Treasurer and a Director
Louisa Sanfratello (2)	54	Chief Financial Officer and Secretary, Director
Henry Val (3)	59	Director
Wayne Homschek	57	Director

- (1) Mr. Maqbool was appointed as our Chairman, President, Chief Executive Officer, Treasurer and Secretary on August 13, 2012 upon the closing of the Share Exchange. On August 22, 2012, Mr. Maqbool resigned as the Company's Secretary.
- (2) Ms. Sanfratello was appointed as our Chief Financial Officer on August 13, 2012 upon the closing of the Share Exchange. On August 22, 2012, Ms. Sanfratello was appointed as the Company's Secretary.
- (3) Mr. Val was appointed on January 22, 2018.
- (4) Mr. Homschek was appointed on April 25, 2019.

A brief description of the background and business experience of our executive officer and directors for the past five years is as follows:

**Fawad Maqbool**, age 59, has served as the President, Chief Executive Officer and Chairman of the Board of Directors since founding Amplitech, Inc. 2002. He has also been the majority shareholder of the Company since its inception. Prior to founding Amplitech, Inc., Mr. Maqbool was the President of Aeroflex Amplicomm, Inc. for 2000 and 2001. His duties included, among other things, overseeing the design and development of amplifiers specifically for fiber optic communication applications. Mr. Maqbool was with MITEQ, Inc. from 1987 through 1999 where he began as an Engineering Group Leader and ultimately held the title of Department Head responsible for a staff of thirty-two consisting of engineers, technicians, assemblers and support personnel. His professional career began with the Hazeltine Corporation in 1983 where he was a Microwave Design Engineer through 1986. Mr. Maqbool received a bachelor's degree in electrical engineering (major in microwaves and RF) and biomedical engineering from the City College of New York. He subsequently earned a master's degree in electrical engineering (major in microwaves and RF) from Polytechnic University. Through his prior service, Mr. Maqbool possesses the knowledge and experience in microwaves and RF electrical engineering that aids him in efficiently and effectively identifying and executing the Company's strategic priorities.

**Louisa Sanfratello**, CPA, age 54 has been an accountant, servicing numerous clients in various industries since 1987. Her professional career began with the public accounting firm of Holtz Rubenstein & Co, where she gathered invaluable experience for several years and moved on to more challenging positions in both the public and private sector. She served as a Controller for The New Interdisciplinary School for over 10 years. Her responsibilities included overseeing the accounting department in addition to working directly with the NYS Department of Education. Ms. Sanfratello was also employed by the Make A Wish Foundation of Suffolk County as chief accountant working directly with the President and CFO. She joined Amplitech, Inc. in 2012 as Chief Financial Officer, where she manages the company's finances and SEC filings. Her responsibilities also include assisting the CEO in developing new business, maintaining operating budgets and ensuring adequate cash flow.

**Henry Val**, age 59, is the CEO of TGI Power Group Inc. Prior to TGI, Mr. Val was a Managing Partner for Netter Capital Partners. He has over twenty-five years of experience in the financial markets ranging from trading global futures and equity markets, senior secured debt, convertible securities, private investments in public equities (PIPEs) and investing. Prior to forming Netter Capital Partners, Henry was a Partner with Delta Capital LLC, a boutique advisory firm, specializing in M&A, management consulting, turnaround situations and other advisory services. Mr. Val has over 30 years of hands on experience with large, small and startup bio/pharma, software, systems, power, oil and gas, media and renewable energy companies. He served as CEO, or similar level, of private and publicly traded companies, has established a consistently strong record of bringing high growth, fast turnaround, a return to profitability. He is a successful builder of performance-oriented teams and businesses. Mr. Val uses economic results to drive products and services in high value global markets. A "known" game changer, who generates best in class shareholder value to maximize the return on assets and investments. Mr. Val can discern the key products, markets, personnel and needs that minimizes time for a positive shareholder outcome. Mr. Val also served as CEO of Maxplanet Corp. and New Life Scientific Inc.

**Wayne Homschek**, age 57, has been a Managing Director at Bentley Associates L.P., a New York based boutique investment bank, since 2015, where he has assisted a number of emerging technology companies in strategizing and financing their growth plans as well as in their mergers and acquisition (M&A) activities. Mr. Homschek began his career in New York at the Prudential Investment Corporation, before re-locating to Sydney, Australia, where he worked in the investment banking teams of Prudential Bache, Jardine Fleming, NatWest Markets and Salomon Smith Barney/Citigroup. At Salomon Smith Barney, he was responsible for the firm's Australasian telecom, media and technology (TMT) investment banking franchise, which included M&A, equity and debt offerings for some of Australia's leading companies including Telstra, Optus, Telecom New Zealand, Austar, Hutchison Orange, Austereo and many others.



### **Term of Office**

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our stockholders or until removed from office in accordance with our bylaws. Our officers are appointed by our Board of Directors and holds office until removed by the Board of Directors.

On April 25, 2019, Wayne Homschek was appointed to the Board of Directors.

### **Family Relationships**

There are no family relationships between any of our directors or executive officers.

### **Involvement in Legal Proceedings**

To our knowledge, there have been no material legal proceedings that would require disclosure under the federal securities laws that are material to an evaluation of the ability of our director or executive officers.

### **Potential Conflicts of Interest**

We are not aware of any current or potential conflicts of interest with our director or executive officers.

### **Board Committees**

We have not formed an Audit Committee, Compensation Committee or Nominating and Corporate Governance Committee as of the filing of this Annual Report. Our Board of Directors performs the principal functions of an Audit Committee. We currently do not have an audit committee financial expert on our Board of Directors. We believe that an audit committee financial expert is not required because the cost of hiring an audit committee financial expert to act as one of our directors and to be a member of an Audit Committee outweighs the benefits of having an audit committee financial expert at this time.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors, officers and persons who beneficially own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC and are required to furnish us with copies of these reports. Based solely on our review of the reports filed with the SEC, we believe that all persons subject to Section 16(a) of the Exchange Act timely filed all required reports in 2019.

### **Code of Ethics**

We currently do not have a code of ethics that applies to our officers, employees and director, including our Chief Executive Officer, however, we are in the process of formulating a code of ethics and intend to adopt one in the near future.

## ITEM 11. EXECUTIVE COMPENSATION

### Summary Compensation Table

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to, the named person, during the years ended December 31, 2019 and 2018:

Summary Compensation of Named Executive Officers

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	All Other Compensation (\$)	Total (\$)
Fawad Maqbool	2019	212,400	-	-	-	212,400
Chairman, President and Chief Executive Officer	2018	167,300	-	-	-	167,300
Louisa Sanfratello	2019	101,463	-	-	-	101,463
Chief Financial Officer, Secretary	2018	74,000	-	-	-	74,000

### Outstanding Equity Awards at Fiscal Year End

Except as indicated in the above table, none of our executive officers received any equity awards, including, options, restricted stock or other equity incentives during the fiscal year ended December 31, 2019 and 2018.

### Compensation of Our President and Chief Executive Officer

Fawad Maqbool, has authority and discretion to determine his own compensation for serving as the Company's President and Chief Executive Officer.

### Compensation of Directors

During the year ended December 31, 2019, Wayne Homschek received \$45,000 in compensation.

On April 25, 2019, Wayne Homschek joined the Board of Directors as an independent Director who will aid in corporate strategy, financing and investor relations. He was and will be paid \$5,000 per month for one year and receive a warrant, exercisable into 3,000,000 shares of common stock at an exercise price of \$0.03 per share. As per the agreement, 1,500,000 warrants vested in six months and the remaining balance of 1,500,000 shall vest one year later. The following table summarizes the warrants outstanding of the Company for the year ended December 31, 2019:

	Number of Warrants	Weighted Average Exercise Price (\$)	Intrinsic Value
Outstanding at December 31, 2018	-	-	-
Granted	3,000,000	.03	-
Exercised	-	-	-
Expired	-	-	-
Outstanding at December 31, 2019	3,000,000	.03	\$ 113,400
Exercisable at December 31, 2019	1,500,000	.03	\$ 56,700

The Company has calculated the estimated fair market value of these options at \$42,950, using the Black-Scholes model and the following assumptions: expected term 5.75 years, stock price \$0.05, exercise price \$0.03, 153.48% volatility, 2.35% risk free rate, and no forfeiture rate. The weighted average life of these warrants is 9.32 years.

The Company recognized stock-based compensation of \$104,023 and \$0 for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019, the total remaining unrecognized compensation cost related to non-vested warrants was \$38,927.

During the year ending December 31, 2018, none of the directors received any compensation solely for the service as director.

### Compensation Committee Interlocks and Insider Participation

During the fiscal years of 2019 and 2018, we did not have a standing compensation committee. Our board of directors was responsible for the functions that would otherwise be handled by the compensation committee. Fawad Maqbool, director, has authority and discretion to determine his own compensation for serving as the Company's President and Chief Executive Officer.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information with respect to the beneficial ownership of our voting securities by (i) each director and named executive officer, (ii) all executive officers and directors as a group; and (iii) each shareholder known to be the beneficial owner of 5% or more of the outstanding common stock of the Company as of March 20, 2020. Beneficial ownership is determined in accordance with the rules of the SEC. Generally, a person is considered to beneficially own securities: (i) over which such person, directly or indirectly, exercises sole or shared voting or investment power, and (ii) of which such person has the right to acquire beneficial ownership at any time within 60 days (such as through exercise of stock options or warrants). For purposes of computing the percentage of outstanding shares held by each person or group of persons, any shares that such person or persons has the right to acquire within 60 days are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares listed as beneficially owned does not constitute an admission of beneficial ownership. Unless otherwise indicated below, the address of each person listed in the table below is c/o 620 Johnson Avenue, Bohemia, NY 11716.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	
	Common Stock (1)	
	No. of Shares	% of Class
<b>Directors and Officers</b>		
Fawad Maqbool, (2) Chairman, President, and Chief Executive Officer	11,780,280	24.00 %
Louisa Sanfratello, Chief Financial Officer	200,000	Less than 2 %
Henry Val, Director		
Wayne Homschek, Director (3)	3,000,000	6.11 %
<b>All officers and directors as a group (4 persons)</b>	<b>14,980,280</b>	<b>31.00 %</b>
<b>5% Security Holders</b>		
Microphase Corporation 587 Connecticut Avenue Norwalk, CT 06854	5,827,488	11.88 %

- (1) Based on 49,086,326 shares of common stock issued and outstanding.
- (2) Excludes (i) 1,000 shares of Series A Convertible Preferred Stock and (ii) an option to purchase 400,000 shares of Series A Preferred Stock. The holder of the Series A Convertible Preferred is entitled to 51% of the total votes on all matters and each outstanding share of Series A is convertible at \$0.0206 per share at the option of the holder into 100 shares of the Company's common stock.
- (3) On April 25, 2019, Wayne Homschek joined the Board of Directors as an independent Director who will aid in corporate strategy, financing and investor relations. He received a warrant, exercisable into 3,000,000 shares of common stock at an exercise price of \$0.03 per share. As per the agreement, 1,500,000 warrants vested in six months and the remaining balance of 1,500,000 shall vest one year later.

**ITEM 13. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.**

The following sets forth a summary of transactions since the beginning of the fiscal year of 2019, or any currently proposed transaction, in which the Company was to be a participant and the amount involved exceeded or exceeds \$120,000 and in which any related person had or will have a direct or indirect material interest (other than compensation described under “Executive Compensation”). We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, in arm’s-length transactions.

**Director Independence**

No members of our Board of Directors, are independent using the definition of independence under NASDAQ Listing Rule 5605(a)(2) and the standards established by the SEC.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

The following table shows the aggregate fees we paid for professional services provided to us for 2019 and 2018:

	2019	2018
Audit Fees	\$ 55,500	\$ 34,243
Audit-Related Fees	55,938	-
Tax Fees	2,250	2,000
All Other Fees	-	-
Total	<u>\$ 113,688</u>	<u>\$ 36,243</u>

**Audit Fees**

For the year ended December 31, 2019 and 2018, we paid \$55,500 and \$34,243 respectively for professional services rendered for the audit and review of our financial statements.

**Audit Related Fees**

For the fiscal years ended December 31, 2019 and 2018, we paid approximately \$55,938 and \$0, respectively, for audit related services for the acquisition of Specialty Microwave Corp.

**Tax Fees**

For our fiscal years ended December 31, 2019 and 2018, we paid \$2,250 and \$2,000 respectively, for professional services rendered for tax compliance, tax advice, and tax planning.

**All Other Fees**

We did not incur any other fees related to services rendered by our independent registered public accounting firm for the fiscal years ended December 31, 2019 and 2018.

The SEC requires that before our independent registered public accounting firm is engaged by us to render any auditing or permitted non-audit related service, the engagement be either: (i) approved by our Audit Committee or (ii) entered into pursuant to pre-approval policies and procedures established by the Audit Committee, provided that the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each service, and such policies and procedures do not include delegation of the Audit Committee’s responsibilities to management.

We do not have an Audit Committee. Our Board of Directors pre-approves all services provided by our independent registered public accounting firm. All the above services and fees during 2019 were pre-approved by our Board of Directors. We do not have a record of the percentage of the above fees that were pre-approved in 2019. However, all the above services in 2019 were reviewed and approved by our Board of Directors either before or after the respective services were rendered.

**Item 15. Exhibits and Financial Statement Schedules.**

(a) Documents filed as part of this Annual Report.

1. Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2019 and 2018	F-3
Consolidated Statements of Operations for the years ended December 31, 2019 and 2018	F-4
Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2019 and 2018	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018	F-6
Notes to Consolidated Financial Statements	F-7

2. Financial Statement Schedules

Exhibits:

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">3.1</a>	<a href="#">Articles of Incorporation, incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form 10 filed on April 19, 2011.</a>
<a href="#">3.2</a>	<a href="#">Certificate of Amendment to Articles of Incorporation dated July 31, 2012, incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 filed on August 13, 2012.</a>
<a href="#">3.4</a>	<a href="#">By-laws, incorporated herein by reference to Exhibit 3.2 the Company's Registration Statement on Form 10 filed on April 19, 2011, as subsequently amended.</a>
<a href="#">3.5</a>	<a href="#">Certificate of Designation of Series B Convertible Preferred Stock dated April 23, 2015 incorporated by reference to the Form 8-K filed on May 6, 2015.</a>
<a href="#">3.6</a>	<a href="#">Certificate of Designation of Series A Convertible Preferred Stock dated April 23, 2015 incorporated by reference to the Form 8-K filed on May 6, 2015.</a>
<a href="#">10.1</a>	<a href="#">Commercial Line of Credit Agreement dated November 16, 2015</a>
<a href="#">10.2</a>	<a href="#">Business loan agreement, by and between Amplitech, Inc., and BNB Bank, dated September 12, 2019.</a>
<a href="#">10.3</a>	<a href="#">Promissory note issued by Amplitech, Inc. to BNB Bank, dated September 12, 2019 incorporated by reference to the Form 8-K filed on November 18, 2019.</a>
<a href="#">10.4</a>	<a href="#">Commercial guaranty of Amplitech Group, Inc., dated September 12, 2019 incorporated by reference to the Form 8-K filed on November 18, 2019.</a>
<a href="#">10.5</a>	<a href="#">Lease agreement, dated September 12, 2019, by and between Amplitech Group, Inc. and Stephen J. Faber, as Trustee of the Revocable Trust of Stephen J. Faber, dated August 29, 2017 incorporated by reference to the Form 8-K filed on November 18, 2019.</a>
<a href="#">10.6</a>	<a href="#">Option agreement, dated September 12, 2019, by and between Amplitech Group, Inc. and Stephen J. Faber, as Trustee of the Revocable Trust of Stephen J. Faber, dated August 29, 2017 incorporated by reference to the Form 8-K filed on November 18, 2019.</a>
<a href="#">21.1</a>	<a href="#">List of Subsidiaries, incorporated by reference to Exhibit 21.1 to the Company's Registration Statement on Form S-1 filed on August 13, 2012.</a>
<a href="#">31.1</a>	<a href="#">Rule 13a-14(a)/ 15d-14(a) Certification of Principal Executive Officer</a>
<a href="#">31.2</a>	<a href="#">Rule 13a-14(a)/ 15d-14(a) Certification of Principal Financial Officer</a>
<a href="#">32.1</a>	<a href="#">Section 1350 Certification of Principal Executive Officer</a>
<a href="#">32.2</a>	<a href="#">Section 1350 Certification of Principal Financial Officer</a>
101. INS	XBRL Instance Document
101. SCH	XBRL Taxonomy Extension Schema Document
101. CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101. DEF	XBRL Taxonomy Extension Definition Linkbase Document
101. LAB	XBRL Taxonomy Extension Label Linkbase Document
101. PRE	XBRL Taxonomy Extension Presentation Linkbase Document

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: March 25, 2020

By: /s/ Fawad Maqbool  
Fawad Maqbool  
President and Chief Executive Officer (principal executive officer)

Pursuant to the requirements of the Securities Exchange Act of 1934 this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Fawad Maqbool</u> Fawad Maqbool	President, Chief Executive Officer and Chairman of the Board of Directors (principal executive officer)	March 25, 2020
<u>/s/ Louisa Sanfratello</u> Louisa Sanfratello	Chief Financial Officer and Secretary (principal financial and accounting officer)	March 25, 2020

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

I, Fawad Maqbool, President and Chief Executive Officer of Amplitech Group, Inc. (the "Company"), certify that:

1. I have reviewed this annual report on Form 10-K of the Company for the year ended December 31, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such disclosure control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 25, 2020

By: /s/ Fawad Maqbool

Fawad Maqbool  
President and Chief Executive Officer  
(principal executive officer)

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

I, Louisa Sanfratello, Chief Financial Officer and Secretary of Amplitech Group, Inc. (the "Company"), certify that:

1. I have reviewed this annual report on Form 10-K of the Company for the year ended December 31, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such disclosure control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date March 25, 2020

/s/ Louisa Sanfratello

Louisa Sanfratello, CPA  
Chief Financial Officer and Secretary  
(principal financial and accounting officer)



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

The undersigned, Fawad Maqbool, President and Chief Executive Officer, of Amplitech Group, Inc. (the "Registrant") certifies, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2019 (the "Report"):

- (1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: March 25, 2020

By: */s/ Fawad Maqbool*

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Fawad Maqbool  
President and Chief Executive Officer  
(principal executive officer)

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

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

The undersigned, Louisa Sanfratello, Chief Financial Officer and Secretary of Amplitech Group, Inc. (the "Registrant") certifies, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2019 (the "Report"):

- (1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: March 25, 2020

/s/ Louisa Sanfratello

Louisa Sanfratello, CPA  
Chief Financial Officer and Secretary  
(principal financial and accounting officer)

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

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