

Management's Discussion and Analysis of Financial Condition and Results of Operations as at August 28th, 2020.

The following is management's discussion and analysis ("MD&A") of AMP German Cannabis Group Inc. (the "Company" or "AMP") financial condition and results of operations for the six months ended June 30th 2020 and should be read in conjunction with the unaudited condensed consolidated financial statements and related notes for the same reporting period and the Company's audited financial statements for the year ended December 31st, 2019. The MD&A will also outline the economic operating conditions and how these influence AMP German Cannabis Group's business activities.

All references herein refer to the unaudited condensed consolidated financial statements and related notes for the six months ended June 30th, 2020, and except where otherwise indicated, all financial information is expressed in Canadian dollars ("C\$"). Unless otherwise indicated, reference to the "Company" or "AMP" means AMP German Cannabis Group and its subsidiaries. The financial year is the calendar year. Reference to a "fiscal year" means the Company's year commencing on January 1st of that year and ending on December 31st of that year. For example, fiscal 2020, means the period beginning January 1st, 2020, and ending December 31st, 2020. Reference to "reported quarter" means the six calendar months commencing on January 1st of that year and ending on June 30th of that year. In addition, reference will be made to "Notes", which refers to the Notes to the Unaudited Condensed Consolidated Financial Statements. References to Statements of "Financial Position", "Income or Loss" and "Cash Flows, refer to Condensed Consolidated Interim Statements of Financial Position, Comprehensive Income (Loss) and Cash Flows, respectively.

Forward-Looking Statements

This document contains forward-looking statements. The Company's representatives may also make forward-looking statements orally from time to time.

Statements in this document that are not historical facts, including statements about the Company's beliefs and expectations, recent business and economic trends, constitute forward-looking statements. Forward-looking statements include, without limitation, statements regarding the outlook for future operations, forecasts of future revenue and expenditures, market conditions, specifically the Canadian and German stock markets or other business plans. Forward-looking statements include statements regarding the intent, belief or current expectations of the Company, primarily with respect to the results of operations, financial position or cash flows of the Company.

The statements are based on current plans, estimates, and projections and are subject to change. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, and the Company undertakes no obligation to update publicly any changes in light of new information or future events.

Shareholders and potential investors are cautioned that any such forward-looking statements are not guarantees and involve risks and uncertainties, and that actual results may differ from those in the forward-looking statements as a result of various factors such as general economic and business conditions particularly in North America and Europe, including changes in interest rates, actions by government authorities in Canada, Germany or the European Union, including changes in government regulation, political conditions in Europe and future decisions by the Company's directors or officers in response to changing conditions, the ability to execute prospective business plans and misjudgments in the course of preparing forward-looking statements.

Material factors and assumptions underlying the Company's expectations regarding forward-looking statements include, among others: the ability of the Company to obtain financing on acceptable terms, that the Company will be able to maintain appropriate levels of liquidity in order to make investments when attractive opportunities arise, stability in the global economic environment particularly in Canada and Germany and broadly in regard to North America and the European Union, and Canadian and German interest rates and that interest rates and foreign exchange rates, particularly in regard to the Canadian dollar and Euro ("€"), will not vary materially from current levels.

The status of the equity markets in Canada and Germany, in particular, the Canadian Securities Exchange and the Frankfurt Stock Exchange, may affect the financial performance of the Company. In addition, as the Company's cash and assets are held in €s and to a lesser extent in \$s high annual inflation in Germany, the European Union and Canada may affect the financial performance and condition of the Company. A majority of the Company's assets have an economic interest in Germany. Therefore the fluctuation between the \$ and the € may affect financial performance. The economic health of the economies of Germany and the European Union may also affect the financial performance of the Company.

Shareholders and potential investors are advised that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to the Company or persons acting on its behalf contained in this MD&A. This forward-looking statement dated August 28th, 2020, references CSA Staff Notice 51-330 Guidance regarding the Application of Forward-Looking Information Requirements under National Instrument 51-102 Continuous Disclosure Obligations dated November 20th, 2009. The Company will review its forward-looking statement when it files its second quarter financial results for the six months ending June 30th, 2020.

COVID-19

During the six-months ending June 30th, 2020, the World Health Organization declared coronavirus (specifically identified as “COVID-19”) a global pandemic. This contagious disease outbreak resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in significant economic uncertainty.

The measures adopted by governments worldwide, but specifically, the German government could impact the Company’s business whether through supply chain disruption or delays in receiving licenses and permits due to government office slowdowns. Economic disruption may affect the value and liquidity of the Company’s non-core investments.

However, at this time, it is not possible for the Company to reliably estimate the duration or magnitude of the adverse results of the outbreak and its impact on the Company’s financial results in future periods.

Highlights (Q2)

- Adapted business operation for COVID-19 restrictions.
- Became fully licenced to import medical cannabis into Germany from Europe and elsewhere as of June 2020.

Corporate Overview

AMP German Cannabis Group Inc.

AMP German Cannabis Group Inc. (“AMP”) is a Canadian holding company whose main investment is its wholly-owned Germany subsidiary, AMP Alternative Medical Products GmbH (“AMP Germany”).

AMP’s business is to import European Union - Good Manufacturing Practices (“EU-GMP”) certified cannabis from Canada and other countries and sell it to pharmaceutical wholesalers who supply pharmacies permitted to dispense medical cannabis prescribed by German physicians. All of AMP Germany’s suppliers are audited by German auditors to ensure they meet the stringent EU- GMP standards.

EU-GMP certification is an internationally recognized system, which ensures that pharmaceutical goods, including medical cannabis, meet the highest consumer health and safety standards. All medical cannabis imported into or produced in Germany is regulated by EU-GMP, and the cultivation facility must be inspected and certified by a German state. Globally, only a handful of companies have received EU-GMP certification for exportation to Germany.

The Thuringia State Office for Consumer Protection (Thuringer Landesamt fuer Verbraucherschutz) (“TLV”) has granted an import license to AMP Germany for cannabis products for medical purposes according to Section 72 of the German Medicine Law (Arzneimittelgesetz - AMG). TLV deals with economic consumer protection and policy for the Free State of Thuringia in Germany.

AMP engaged a leading Germany pharmaceutical consulting company to qualify its suppliers to ensure they meet the EU-GMP pharmaceutical quality and consistency standards required to export to Germany by conducting gap analysis and audits. The Company completed the audit of its supply chain to ensure the quality and integrity of the pharmaceutical goods are maintained during transportation, warehousing, handling, testing and distribution from the supplier in Canada to the distributor in Germany.

AMP entered into a four-year non-exclusive agreement to purchase medical cannabis flower commencing in 2020 with one of the largest pharmaceutical wholesalers of medical cannabis in Germany.

AMP is listed on the Frankfurt Stock Exchange under the trading symbol, “C4T” and on the Canadian Securities Exchange under the trading symbol “XCX” and is a reporting issuer in the Canadian provinces of British Columbia, Alberta, Ontario, and Québec.

Result of Operations

Summary of Quarterly Results

The following selected financial data as reported by the Company for the past eight business quarters have been summarized from the Company’s unaudited quarterly financial statements and are qualified in their entirety by reference to and should be read in conjunction with such financial statements.

	2020		2019				2018	
	(In thousands, except per share amounts)							
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss	\$ 783	\$ 427	\$ 1,737	\$ 1,054	\$ 796	\$ 393	\$ 593	\$ 71
Loss per share, basic and diluted	\$ 0.03	\$ 0.02	\$ 0.09	\$ 0.05	\$ 0.06	\$ 0.05	\$ 0.06	\$ 0.01

For the six months ended June 30th, 2020

The following analysis of AMP’s operating results for the six months ended June 30th, 2020, includes a comparison to the corresponding comparative period ended June 30th, 2019.

Overall operating expenses increased slightly to \$1.2-million and consisted largely of general and administrative expenses of \$1.1-million which include consulting and professional expenses incurred in the development of the Company’s business. Other expenses did not change materially during the year.

Non-cash accounting adjustments included a foreign exchange loss of \$37,728 and a currency translation accounting adjustment gain of \$21,607. The Company plans to start reporting in Euros instead of Canadian dollars commencing in Q4, 2020.

The Company reported a comprehensive loss, after accounting for non-cash foreign currency differences on foreign operations, for the six months ended June 30th, 2020 of \$1.2-million (\$0.05 per share) compared to a comprehensive loss of \$1.3-million (\$0.11 per share) for the six months ended June 30th, 2019.

Beginning in Q3, 2020 revenues will be generated from the importation and sale of EU-GMP medical cannabis.

For the three months ended June 30th, 2020

The following analysis of the Company’s operating results for the three months ended June 30th, 2019, includes a comparison to the corresponding, comparative three months ended June 30th, 2019.

Income was immaterial. Expenses declined to \$650,274, compared to \$796,087 in the prior year period. The comprehensive loss, after accounting for non-cash foreign currency differences on foreign operations, for the reported quarter was \$586,493 (\$0.03 per share), compared to a comprehensive loss of \$809,060 (\$0.06 per share) in the corresponding period.

Liquidity and Capital Resources

The following analysis of the Company’s liquidity and capital resources for the quarter ended June 30th, 2020, includes a comparison to December 31st, 2019.

Working Capital

As of June 30th, 2020, the Company had total assets of \$835,459, which included \$132,068 in cash, \$289,538 in accounts receivable and prepaid expenses and \$97,043 in loans receivable to cannabis suppliers. Accounts receivable and prepaid expenses increased due to pre-cautionary cash management in preparation for potential disruptions related to the Covid-19 pandemic. The Company is selling its investments and investment loan receivable totaling \$36,677 and \$208,096, respectively, however the Covid-19 pandemic has affected the price and liquidity of these non-core assets.

Total liabilities increased to \$1.3-million from \$935,186 due largely to draw-downs on the Company's unsecured revolving loan facility. Trade and other payables declined to \$294,398 at June 30th, 2020, from \$398,857 at the end of last year.

Shareholder equity declined to a deficit of \$472,389 at June 30th, 2020, from a deficit of \$133,349 at the end of last year.

Cashflow

The Statements of Cash Flows show the structure of and changes in cash for the reported period and are broken down into operating activities, investing activities and financing activities.

The Company used \$184,564 in cash during the period to hold \$132,068 in cash at quarter end. Operating activities used cash of \$1.6-million largely for operating expenses related to business development. Investing activities generated \$207,109 in cash, largely loan repayments, while financing activities generated \$1.3-million in cash from the Series B private placement and drawdowns on the Company's revolving loan facility.

Transactions Between Related Parties

The Company paid or accrued directors, officers and management fees \$256,770 (2019 - \$261,694 to directors and executive officers of the Company).

Included in accounts payable at June 30th, 2020 is \$11,025 (December 31st, 2019 - \$111,852) owing to directors and officers of the Company for consulting and accounting fees, rent and expenses incurred on behalf of the Company.

Share Outstanding Data

As at June 30th, 2020 the Company has 24,948,024 (December 31st, 2019; 21,478,024) shares and 2,494,779 (December 31st, 2019 – 2,123,779) stock options outstanding.

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