CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

Berlin Tower, Berlin

AMP ALTERNATIVE MEDICAL PRODUCTS INC.

(Formerly AMP German Cannabis Group Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Expressed in EUROS “€”)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AMP Alternative Medical Products Inc.

Opinion

We have audited the consolidated financial statements of AMP Alternative Medical Products Inc. (formerly AMP German Cannabis Group Inc.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in equity (deficit) and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2020 and 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control..
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
April 30, 2021

AMP ALTERNATIVE MEDICAL PRODUCTS INC.
(Formerly AMP German Cannabis Group Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,
(Expressed in Euros)

	Notes		2020		2019		2018
ASSETS							
Current assets							
Cash		€	60,446	€	216,871	€	34,204
Accounts receivable and prepaid expenses	4		238,524		9,670		16,610
Investments	5		-		26,532		6,250
Loans receivable	6		9,541		23,336		141,050
			308,511		276,409		198,114
Equipment	7		45,601		2,885		-
Right of use assets	8		17,446		-		-
Investment loan receivable	9		-		269,908		1,293,990
Total assets		€	371,558	€	549,202	€	1,492,104
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)							
Current liabilities							
Trade and other payables	10, 15	€	261,463	€	268,203	€	96,958
Lease liabilities - current	11		5,464		-		-
Loan payable	12		-		367,349		166,640
			266,927		635,552		263,598
Lease liabilities – non-current	11		12,396		-		-
Long term loan payable	12		1,064,844		-		-
Total liabilities			1,344,167		635,552		263,598
Shareholders' equity (deficit)							
Share capital	13		2,157,858		1,174,577		111,931
Share based payment reserve	13		2,390,292		2,071,550		1,759,254
Foreign currency translation reserve			22,787		97,462		3,541
Deficit			(5,543,546)		(3,429,939)		(646,220)
Total shareholders’ equity (deficit)			(972,608)		(86,350)		1,228,506
Total liabilities and shareholders’ equity (deficit)		€	371,558	€	549,202	€	1,492,104

Nature and Continuance of Operations (Note 1)
Subsequent Event (Note 19)

On behalf of the Board:

Director *[/s/ Kenneth MacLeod]*   Director *[/s/ Alex Blodgett]*

The accompanying notes are an integral part of these consolidated financial statements.

AMP ALTERNATIVE MEDICAL PRODUCTS INC.
(Formerly AMP German Cannabis Group Inc.)
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
YEARS ENDED DECEMBER 31,
(Expressed in Euros)

	Notes	2020	2019
Revenue			
Sales		€ 105,200	€ -
Cost of goods sold		105,353	-
Gross loss		(153)	-
Expenses			
General and administrative expenses	14	1,584,882	1,610,057
Interest, net		46,069	17,416
Share based compensation	13	315,880	353,554
Transfer agent, filing fees and shareholder communication		83,412	121,392
Total expenses		(2,030,243)	(2,102,419)
Loss before other income (expense)		(2,030,396)	(2,102,419)
Other income (expense)			
Foreign exchange gain (loss)		99,413	(96,419)
Unrealized loss on marketable securities		(809)	(120,768)
Impairment of loans and investment loans	6,9	(189,071)	(464,113)
Gain on sale of subsidiaries	5	7,256	-
Loss for the year		(2,113,607)	(2,783,719)
Other comprehensive income (loss)			
Foreign currency translation gain (loss)		(74,675)	93,921
Comprehensive loss for the year		€ (2,188,282)	€ (2,689,799)
Weighted average number of common shares outstanding		24,898,140	16,106,637
Loss per common share, basic and diluted		€ 0.08	€ 0.17

The accompanying notes are an integral part of these consolidated financial statements

AMP ALTERNATIVE MEDICAL PRODUCTS INC.
(Formerly AMP German Cannabis Group Inc.)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2020 and 2019
(Expressed in Euros)

	Capital Stock					
	Shares (Note 13)	Amount	Share-based payment reserve	Foreign currency translation reserve	Deficit	Total Equity
Balance, December 31, 2018	10,217,796	€ 111,931	€ 1,759,254	€ 3,541	€ (646,220)	€ 1,228,506
Loss for the year	-	-	-	-	(2,783,719)	(2,783,719)
Foreign currency translation	-	-	-	93,921	-	93,921
Shares issued in private placement	10,000,000	998,045	-	-	-	998,045
Shares issued on exercise of stock options	1,020,000	104,946	-	-	-	104,946
Shares issued on exercise of warrants	240,228	24,636	-	-	-	24,636
Share issuance costs	-	(140,412)	34,173	-	-	(106,239)
Fair value of stock options and warrants transferred on exercise	-	75,431	(75,431)	-	-	-
Share-based compensation	-	-	353,554	-	-	353,554
Balance, December 31, 2019	21,478,024	1,174,577	2,071,550	97,462	(3,429,939)	(86,350)
Loss for the year	-	-	-	(74,675)	(2,113,607)	(2,188,282)
Shares issued in private placement	5,675,587	997,943	-	-	-	997,943
Shares issued on exercise of warrants	7,000	1,123	-	-	-	1,123
Share issuance costs	-	(12,923)	-	-	-	(12,923)
Fair value of stock options and warrants transferred on exercise	-	373	(373)	-	-	-
Fair value of warrants	-	(3,235)	3,235	-		-
Share-based compensation	-	-	315,880	-	-	315,880
Balance, December 31, 2020	27,160,611	€ 2,157,858	€ 2,390,292	€ 22,787	€ (5,543,546)	€ (972,608)

The accompanying notes are an integral part of these consolidated financial statements

AMP ALTERNATIVE MEDICAL PRODUCTS INC.
(Formerly AMP German Cannabis Group Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS
YEARS ENDED DECEMBER 31,
(Expressed in Euros)

	2020	**2019**
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Loss for the year	€ (2,113,607)	€ (2,783,719)
Items not affecting cash:		
Interest capitalized to loans	(730)	(29)
Amortization and depreciation	9,054	-
Non-cash loan interest	53,480	20,261
Impairment of investment loan receivable	189,071	464,113
Gain on sale of inactive subsidiaries	7,256	-
Unrealized loss on investments	809	120,768
Share based compensation	315,880	353,554
Foreign exchange	(74,674)	97,385
	(1,613,461)	(1,727,667)
Changes in non-cash working capital items:		
Accounts receivable and prepaid expenses	(227,095)	7,918
Trade and other payables	9,967	165,623
Net cash used in operating activities	(1,830,589)	(1,554,126)
INVESTING ACTIVITIES		
Acquisition of equipment	(49,934)	(3,173)
Increase in loans receivable	(38,580)	(22,897)
Repayments of loan receivable	133,942	560,249
Net cash provided by investing activities	45,428	534,179
FINANCING ACTIVITIES		
Shares issued for cash	986,143	1,027,504
Lease payments	(2,000)	-
Loan payable	644,593	175,110
Net cash provided by financing activities	1,628,736	1,202,614
Change in cash for the year	(156,425)	182,667
Cash, beginning of year	216,871	34,204
Cash, end of year	€ 60,446	€ 216,871

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

AMP Alternative Medical Products Inc. (formerly AMP German Cannabis Group Inc.) ("the Company" or "AMP") is incorporated in the Province of British Columbia in Canada with its registered office located at Suite 1000, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2 and a representative office at Charlottenstrasse 59, Berlin, Germany, 10117.

AMP's operating wholly-owned subsidiaries are AMP Alternative Medical Products GmbH, a pharmaceutical supplier of medical cannabis products to German pharmacies based in Erfurt, Germany and AMP Alternative Medical Products Canada Limited.

The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol, "XCX" and on the Frankfurt Stock Exchange under the trading symbol is "C4T". The Company is a reporting issuer in the Canadian provinces of British Columbia, Alberta, Ontario and Quebec.

On January 29, 2021, the Company changed its name to AMP Alternative Medical Products Inc. from AMP German Cannabis Group Inc.

The reporting currency of AMP's consolidated financial statements is the Euro ("€").

Going Concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2020, the Company had an accumulated deficit of €5,543,546 and working capital surplus of €41,585 and, to date, the Company has not generated sufficient revenues to meet its operating and administrative expenses or its other obligations. The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ultimately to attain profitable operations. These uncertainties may cast significant doubt on the ability of the Company to continue operations as a going concern. Management intends to finance operating costs over the next twelve months with private placements of the Company's common shares and loans from related parties.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company and its ability to obtain financing and realize on its investments is not currently determinable, but management continues to monitor the situation.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on an accrual basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and with the accounting policies and selected annual disclosures disclosed in note 3.

The consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for investments in associates and jointly controlled entities that are accounted for using the equity method and certain financial instruments and investments which are measured at fair value.

The Company consolidates subsidiaries over which it has control, where control is the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities.

These consolidated financial statements include the accounts of the Company and of its wholly-owned investment subsidiaries, AMP Alternative Medical Products GmbH ("AMP Germany") of Germany and AMP Alternative Medical Products Canada Limited ("AMP Canada") of Canada. The consolidated financial statements also include the accounts of its previously wholly owned subsidiary, Alternative Medical Products Switzerland GmbH ("AMP Swiss") of Switzerland up until its disposition on June 1, 2020 and its 99% owned subsidiary Alternative Medical Products Malta plc ("AMP Malta") of Malta up until its disposition on December 22, 2020.

Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in EUROS.

Basis of preparation

<u>Change in functional and presentation currencies</u>
Effective October 1, 2020 the Company changed from a Canadian dollar presentation currency to a Euro presentation currency. The functional currency of the Company and AMP Canada also changed from Canadian dollars to the Euro effective October 1, 2020. The functional currency of AMP Germany has not changed and remains the Euro.

A change in presentation currency is accounted for as a change in accounting policy and is applied retrospectively, as if the new presentation currency had always been the presentation currency. Consequently, the comparatives for the year ended December 31, 2019 and as at, December 31, 2019 and 2018 have been restated to be presented in Euro using average exchange rates for income and expenses and the closing rate at the statement of financial position date for assets and liabilities. Capital stock and accumulated deficit have been translated using historic rates. Resulting exchange differences have been recognized within equity.

<u>Transactions and balances</u>
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income (loss) in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Use of estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and contingent assets and liabilities. Significant estimates include the fair value measurements and assumptions relating to financial instruments, changes in equity accounted investments, deferred income taxes and the recoverability of receivables and loans receivable.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Actual results could significantly differ from those estimates.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's influence on associates, the Company's ability to continue as a going concern and determination of functional currency.

Financial instruments

Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial instruments under IFRS 9:

Financial assets / liabilities	
Cash	Amortized cost
Accounts receivable	Amortized cost
Investments in marketable securities	FVTPL
Loans receivable	FVTPL
Investment loan receivable	FVTPL
Trade and other payables	Amortized cost
Loan payable	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Measurement

Financial assets and liabilities at amortized cost:
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL:
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive income (loss) in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets:
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

Financial liabilities:
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

Equity accounted investments

Equity accounted investments are those entities in which the Company has significant influence, but does not have control over the financial and operating policies of the investees. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity. Joint arrangement entities are those over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint ventures are joint arrangements, whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to $Nil and additional losses are not provided for unless the Company is committed to provide other financial support to the investee. The Company resumes accounting for its portion of income (loss) of the investment when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Equity accounted investments (cont'd…)

Profits or losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary adjustments are made to bring the accounting policies of associates in line with those of the Company.

Revenue recognition

The Company follows the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as follows:

Sales are recognized when the quantity of product sold and the sales price are fixed, and control of the products has transferred to the Company's customers, being when the products are shipped to the customer. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Once products are delivered to the Company's customers, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. The revenue from these sales is recognized when the customer purchases the inventory.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or in reserves as part of shareholders' equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be realized.

Deferred income tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to the equity owners of the Company by the weighted average number of common shares outstanding during the reporting period.

Diluted earnings (loss) per share is determined by dividing the net income (loss) attributable to the equity owners of the Company by the weighted average number of common shares outstanding, adjusted for the dilutive effect of all potential common shares issuances upon exercise of options, warrants and similar instruments. For the periods presented the Company had no dilutive instruments.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided on a straight-line with capitalized costs being amortized over three years for computer and other equipment and between seven to nine years for operating systems and hardware.

Leases

On January 13, 2016, the IASB published a new standard, IFRS 16 Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. The mandatory effective date of the new standard is applicable for annual periods beginning on or after January 1, 2019. The Company adopted IFRS 16 Leases as of January 1, 2019. The Company entered into its first lease in the third quarter of 2020 and as such there was no requirement to restate prior periods.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured as the present value of future lease payments excluding payments made at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Expressed in EUROS)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Reserves

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of subsidiaries and equity accounted investments of the Company that have a functional currency other than the Euro.

New accounting standards, amendments and interpretations

The Company did not adopt any new accounting standard changes or amendments in the current year that had a material impact on the Company's financial statements.

4. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	2020	2019
Trade receivable	€ 8,057	€ 9,670
Prepaid expenses	230,467	-
	€ 238,524	€ 9,670

5. INVESTMENTS

The Company held investments for sale of €nil as at December 31, 2020 (December 31, 2019 - €26,532). The investments were previously held in the Company's subsidiary, AMP Malta. AMP Malta, was sold in December 2020 for €15,000 with the Company recognizing a €7,256 gain on the sale after taking into account AMP Malta's assets and liabilities on the date of sale.

6. LOANS RECEIVABLE

The Company has an unsecured demand revolving line of credit with potential medical and CBD cannabis suppliers to upgrade potential suppliers' facilities to meet EU-GMP standards in order to export cannabis to Germany for €9,541 (December 31, 2019 - €23,336).

During the year, the Company ended a business venture to explore the production of CBD medical cannabis in Switzerland for export to Germany resulting in the write off of €53,105 as an impairment of loan receivables. The balance of the loan receivable at December 31, 2019 was €14,525.

(Expressed in EUROS)

7. EQUIPMENT

		Operating systems and hardware		Computer and other equipment		Total
Cost						
As at December 31, 2018	€	3,180	€	-	€	3,180
Additions during the year		-		-		-
As at December 31, 2019		3,180		-		3,180
Additions during the year		42,600		7,334		49,934
As at December 31, 2020	€	45,780	€	7,334	€	53,114
Accumulated depreciation						
As at December 31, 2018	€	-	€	-	€	-
Additions during the year		295		-		295
As at December 31, 2019		295		-		295
Additions during the year		5,428		1,790		7,218
As at December 31, 2020	€	5,723	€	1,790	€	7,513
Net book value						
As at December 31, 2019	€	2,885	€	-	€	2,885
As at December 31, 2020	**€**	**40,057**	€	**5,544**	€	**45,601**

8. RIGHT OF USE ASSETS

As at December 31, 2020 the right-of-use asset is a motor vehicle located in Germany, which will terminate in February 2024.

		Motor vehicle
Balance, December 31, 2018 and 2019	€	-
Additions during the year		19,282
Depreciation		(1,836)
Balance at December 31, 2020	€	17,446

9. INVESTMENT LOAN RECEIVABLE

The Company reported €nil investment loan receivables at December 31, 2020 (December 31, 2019 - €269,908). During the year, the Company wrote-off the balance of the its non-core investment loan receivable and recorded an impairment of €135,966 ($208,096) after receiving a final payment of €133,942.

10. TRADE AND OTHER PAYABLES

		2020		2019
Trade payables (note 15)	€	164,266	€	235,843
Accrued liabilities		97,197		32,360
	€	261,463	€	268,203

(Expressed in EUROS)

11. LEASE LIABILITIES

Lease liabilities are recorded as follows:

		Motor vehicles
Balance, December 31, 2018 and 2019	€	-
Additions during the year		19,282
Payments		(2,000)
Interest		578
Balance, December 31, 2020	€	**17,860**
Current	€	5,464
Non-current	€	12,396

The lease liabilities were discounted at an incremental borrowing rate of 3% as at January 1, 2019.

12. LOAN PAYABLE

The Company has an unsecured revolving credit drawdown facility for €1.5 million, bearing interest rate of 10% per annum and maturating on December 31, 2023. As of December 31, 2020, €1,064,844 (December 31, 2019 - €367,349) was drawn-down against the credit facility.

13. CAPITAL AND OTHER COMPONENTS OF EQUITY

Authorized and issued shares

The authorized share capital of the Company is an unlimited number of Class A Voting Common Shares (the "common shares"). As at December 31, 2020 there were 27,160,611 shares outstanding, with the following common shares having been issued since January 1, 2019:

a) on October 9, 2020, the Company completed a non-brokered placement of 1,089,802 common shares at a price of CDN$0.35 per share for proceeds of CDN$381,431 (€231,931). The Company paid cash finder's fees of CDN$1,225 and issued 3,500 finders warrants with a fair value of CDN$460. The finder's warrants are exercisable at CDN$0.35 each and expire on March 18, 2021;

b) on September 18, 2020, the Company completed a non-brokered placement of 1,115,785 common shares at a price of CDN$0.35 per share for proceeds of CDN$390,525 (€237,461). The Company paid cash finder's fees of CDN$1,715 and issued 4,900 finders warrants with a fair value of CDN$910. The finder's warrants are exercisable at CDN$0.35 each and expire on March 18, 2021;

c) In September 2020 the Company issued 7,000 common shares at a price of CDN$0.25 per share for proceeds of CDN$1,750 (€1,064) upon the exercise of finders warrants;

d) On March 6, 2020, the Company completed a non-brokered placement of 3,470,000 common shares at a price of CDN$0.25 per common share for proceeds of CDN$867,500 (€527,488). The Company paid cash finder's fees of CDN$10,500, other share issuance costs of CDN$5,000 and issued 42,000 finders warrants with a fair value of CDN$3,485. The finder's warrants are exercisable at CDN$0.25 each and expired on September 6, 2020;

(Expressed in EUROS)

13. CAPITAL AND OTHER COMPONENTS OF EQUITY (cont'd)

Authorized and issued shares (cont'd**)**

e) On June 12, 2019, the Company issued 240,228 common shares at a price of CDN$0.15 per share for proceeds of CDN$36,034 (€23,976) upon the exercise of finders warrants;

f) On October 10, 2019, the Company issued 200,000 common shares at a price of CDN$0.15 per share for proceeds of CDN$30,000 (€19,961) upon the exercise of 200,000 stock options;

g) On September 5, 2019, the Company issued 820,000 common shares at a price of CDN$0.15 per share for proceeds of CDN$123,000 (€81,840) upon the exercise of 820,000 stock options;

h) On June 12, 2019, the Company completed a non-brokered placement of 10,000,000 common shares at a price of CDN$0.15 per common share for proceeds of CDN$1,500,000 (€998,045). The Company paid finder's fees and other share issuance costs of CDN$158,735 and issued 240,228 finders warrants with a fair value of CDN$51,290. The finder's warrants are exercisable at CDN$0.15 each and expired on December 12, 2019.

Stock options and warrants

The Option Plan adopted by the board of directors (the "Board") is a "rolling" stock option plan, pursuant to which the Board may from time to time, in its discretion, and in accordance with CSE and regulatory requirements, grant to directors, officers, employees and consultants, non-assignable and non-transferable options to purchase common shares of the Company, provided that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company.

The Company uses a fair value method of accounting for all stock-based payments. Under this method, the Company recorded a stock-based compensation expense of €315,880 (2019: €353,554) for the year ended December 31, 2020, with a corresponding credit to reserves. The fair value of the stock options is estimated as at the date of the grant using the Black-Scholes pricing model assuming the following weighted average assumptions:

	2020	2019
Risk-free interest rate	0.27%	1.48%
Expected life	1.69 years	0.8 years
Annualized volatility	103%	121%
Pre-vest forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

(Expressed in EUROS)

13. CAPITAL AND OTHER COMPONENTS OF EQUITY (cont'd)

Stock options and warrants (cont'd)

During the year ended December 31, 2020, the Company granted 3,340,500 options (2019 – 3,143,779) with a fair value of €315,880 (2019 - €353,554), which was recognized on the respective dates of grant.

The continuity of incentive stock options issued and outstanding is as follows:

	Stock options	
	Number	**Weighted Average Exercise Price (CAD$)**
Balance, December 31, 2018	-	$ -
Granted	3,143,779	0.39
Exercised	(1,020,000)	0.15
Balance, December 31, 2019	2,123,779	0.50
Granted	3,340,500	0.38
Expired	(2,123,779)	0.50
Cancelled	(626,000)	0.44
Balance, December 31, 2020	2,714,500	$ 0.36

The following stock options were outstanding as at December 31, 2020:

	Options outstanding			Options exercisable	
Exercise price range	**Number of stock options outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (CAD$)**	**Number of stock options exercisable**	**Weighted average exercise price (CAD$)**
CDN$0.35	1,969,500	1.69	$ 0.35	1,969,500	$ 0.35
CDN$0.39	745,000	1.69	0.39	745,000	0.39
	2,714,500	1.69	$ 0.36	2,714,500	$ 0.36

The weighted average fair value per stock option granted during the year ended December 31, 2020 was €0.12 per option (2019 - €0.11).

(Expressed in EUROS)

13. CAPITAL AND OTHER COMPONENTS OF EQUITY (cont'd)

Stock options and warrants (cont'd)

The continuity of warrants issued and outstanding is as follows:

	Warrants	
	Number	Weighted Average Exercise Price (CAD$)
Balance, December 31, 2018	-	$ -
Granted	240,228	0.15
Exercised	(240,228)	0.15
Balance, December 31, 2019	-	-
Granted	50,400	0.27
Exercised	(7,000)	0.25
Expired	(35,000)	0.25
Balance, December 31, 2020	8,400	$ 0.35

14. GENERAL AND ADMINISTRATION EXPENSES

	2020	2019
Consulting and executive management fees (note 15)	€ 927,197	€ 1,074,519
Office and supplies	145,487	180,123
Professional fees	234,038	201,868
Rent and insurance (note 15)	74,316	46,903
Salaries and benefits	203,844	106,644
	€ 1,584,882	€ 1,610,057

15. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2020, the Company paid or accrued management, consulting and board meeting fees of €307,909 (2019 - €679,140) and rent of €nil (2019 - €33,438) to directors and executive officers of the Company.

During the year ended December 31, 2020, 285,785 common shares (2019 – 166,667 common shares) were issued to directors and executive officers, or companies controlled by directors and officers, of the Company, for proceeds of CDN$100,025 (2019 - CDN$25,000).

Included in accounts payable at December 31, 2020 is €16,017 (2019 - €76,611) owing to directors and officers of the Company for director and accounting fees and expenses incurred on behalf of the Company.

During the year, the Directors and officers were granted options with a recorded stock-based compensation fair value of €177,565 (2019 - €199,191).

16. CAPITAL MANAGEMENT

The Company's capital is comprised of shareholders' equity less reserves and liabilities. Cash, investments and loans receivable are managed for liquidity and operational requirements in conjunction with budgeted or expected capital needs. The Company's objective when managing capital is to maintain its ability to retain sufficient liquidity to make investments as opportunities arise and to continue to meet ongoing expenditure and operational needs.

The Company manages the capital structure and makes adjustments to its capital management strategies when economic conditions or risk characteristics of its capital change. To maintain or adjust the capital structure, the Company may consider the issuance of shares, acquire or dispose of assets or adjust the amount of cash held.

Currently, the Company's strategy is to monitor economic conditions and capital markets and to allocate operating capital for investment opportunities arising from market conditions.

The Company is not subject to externally imposed capital requirements. The Company's overall capital management strategy remains unchanged from the prior year.

17. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, investments, loans receivable, accounts payable and loan payable.

Fair value
The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

a. Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b. Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
c. Level 3 - Inputs that are not based on observable market data.

The Company's cash and loans receivable are classified as Level 1.

The Company is exposed in varying degrees to financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of investment policies, counterparty credit limits and liquidity concerns. The more significant risk exposure and the way in which such exposure is managed is described below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Germany. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Currency risk
The Company holds cash in Canadian and Euro currencies and primarily makes investments in AMP Germany in Euros. The Company raises equity on the Canadian markets denominated in the Canadian $. Accordingly, there is risk of losses from volatility in foreign currency fluctuations.

The Company's investments are subject to foreign currency risk, which may adversely affect the Company's financial position, results of operations and cash flows. The following table summarizes the geographical distribution of the Company's financial instruments in Euros at December 31, 2020:

(Expressed in EUROS)

17. FINANCIAL INSTRUMENTS (cont'd…)

	Euro	CDN Dollar	Total
Cash, accounts receivable and prepaid expenses	75%	25%	100%
Loans receivable	0%	100%	100%
Trade and other payable	75%	25%	100%
Long term loan payable	100%	0%	100%

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its investment in money market funds included in cash is limited as the money market funds may be redeemed at any time without penalty. The Company's loan receivable and long term loan payable have fixed interest rates and are not affected by changes in interest rates.

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet financial obligations as they fall due. The Company manages liquidity risk through management of its capital structure as outlined in note 16. Liquidity risk is assessed as high.

18. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying a combined federal and provincial income tax rate of 27% (2019 - 27%) to income before taxes as follows:

	2020	2019
Loss before income taxes for the year	€ (2,113,607)	€ (2,783,179)
Expected income tax recovery	€ (570,674)	€ (751,604)
Valuation allowance	396,071	816,342
Non-deductible expenses	56,905	124,237
Other – FX rate changes	123,691	(162,533)
Share issuance costs	(5,992)	(26,582)
	€ -	€ -

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	2020	2019
Capital loss carry-forwards	€ 755,741	€ 807,918
Non-capital loss carry-forwards	1,928,786	1,371,479
Other	19,713	288,130
Net deferred tax assets	2,704,239	2,467,527
Less: valuation allowance	(2,704,239)	(2,467,527)
	€ -	€ -

18. INCOME TAXES (cont'd…)

The Company has non-capital tax losses carried forward approximating $10,600,000 in Canada, expiring from 2026 through 2040.

The Company has gross capital losses approximating $8,600,000 available for deduction against future capital gains that if not utilized will carry forward indefinitely.

Deferred tax assets have not been recognized because management believes it is not sufficiently probable that future taxable profits will be available against which the Company can utilize the benefits.

19. SUBSEQUENT EVENT

Subsequent to the year ended December 31, 2020, the Company completed a non-brokered placement of 3,386,600 common shares at a price of CDN$0.50 per common share for proceeds of CDN$1,693,000, which included 200,000 common shares to officers and directors for proceeds of CDN$100,000. The Company paid finders' fees of CDN$52,456 and issued 104,930 finders' warrants which are exercisable into one common share of the Company on or before June 10, 2021.

On April 5,2021, the Company granted 340,000 incentive stock options to directors and consultants with an exercise price of $0.50 per share until September 8, 2022.

Subsequent to the year ended December 31, 2020, the Company exercised 8,400 warrants at an exercise price of $0.35 per share.