HARMONY ENERGY TECHNOLOGIES COPRORATION

Unaudited Interim Condensed Consolidated Financial Statements

Three-month and nine-month period ended September 30, 2020 and 2019

(Expressed in United States dollars)

HARMONY ENERGY TECHNOLOGIES COPRORATION

FINANCIAL STATEMENTS

NOTICE TO READER

The accompanying unaudited interim condensed consolidated financial statements of Harmony Energy Technologies Corporation (the "Company") for the period of three-month and nine-month ended September 30, 2020 have been prepared by, and are the responsibility of management. The unaudited interim condensed consolidated financial statements together with the accompanying notes, have been reviewed and approved by the members of the Company's audit committee. These unaudited interim condensed consolidated financial statements have not been reviewed by the Company's auditors.

HARMONY ENERGY TECHNOLOGIES CORPORATION

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Periods of three-month and nine-month periods ended on September 30, 2020 and 2019 (in United States dollars)

	Notes	Three-month periods ended September 30, 2020	Three-month periods ended September 30, 2019	nine-month periods ended September30, 2020	nine-month periods ended September 30, 2019
SALE REVENUE		1,039	-	195,801	-
Cost of goods sold		(905)	-	(167,449)	-
GROSS MARGIN		134	-	28,352	-
EXPENSES					
Sales expense		(72)	-	(6,142)	-
Product research and development		(45,836)	(3,321)	(131,719)	(3,435)
Administrative expenses	12	(97,211)	(26,892)	(246,531)	(89,543)
Financial expenses					
Foreign exchange gain and loss		(14,671)	-	(9,595)	-
Interest expense and service charge	11	(10,383)	-	(19,086)	(120)
TOTAL EXPENSES		(168,173)	(30,213)	(413,073)	(93,098)
OPERATION INCOME (LOSS)		(168,039)	(30,213)	(384,721)	(93,098)
NON-OPERATION ITEM					
Interest income	7	5,092	5,440	16,938	11,706
Other expense		-	-	(13)	-
NET INCOME		(162,947)	(24,773)	(367,796)	(81,392)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will be reclassified subsequently to (loss) income					
Unrealized exchange gain (loss) on translation of foreign operation		14,317	-	7,149	-
NET INCOME AND OTHER COMPREHESIVE INCOME (LOSS)		(148,630)	(24,773)	(360,647)	(81,392)
Basic and diluted net income per share		(0.026)	(0.006)	(0.063)	(0.021)
Weighted average number of common shares outstanding		5,762,079	3,962,079	5,762,079	3,860,487

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

Approved on behalf the Board

“Christian Guilbaud” Director

“Kenneth Charles Grainger ” Director

HARMONY ENERGY TECHNOLOGIES CORPORATION

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(in United States dollars)	
As at	Notes	September 30, 2020	December 31, 2019
		$	$
ASSETS			
Current assets			
Cash		2,441	6,219
Other receivables		-	-
Prepaid expense and deposits		52,290	-
Loan receivable	7	140,825	197,106
Inventory		2,044	-
Total current assets		197,599	203,325
Non-current assets			
Shares issued for acquisition of Smarten	6	-	1,170,000
Right-of-use assets	8	52,779	-
Property and equipment	9	58,911	-
Intangible assets	10	782,412	-
Goodwill	6	919,851	-
Total non-current assets		1,813,952	1,170,000
Total assets		2,011,552	1,373,325
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	860,000	162,374
Deferred revenue		2,349	-
Loan payables	11,14	246,121	-
Lease obligations, current	8	47,102	-
Total current liabilities	9	1,155,572	162,374
Lease obligations, non-current	8	5,676	-
Total liabilities		1,161,248	162,374
EQUITY			
Share capital	5	576	576
Additional paid in capital	5	1,369,424	1,369,424
Deficit		(526,845)	(159,049)
Accumulated other comprehensive income (loss)		7,149	-
Total equity		850,304	1,210,951
Total liabilities and equity		2,011,552	1,373,325

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

HARMONY ENERGY TECHNOLOGIES CORPORATION

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

Periods of nine-month periods ended on September 30, 2020 and 2019 (in United States dollars)

	Notes	Number of Common Share	Par Value	Additional Paid in Capital	Accumulated other comprehensive income (loss)	Deficit	Total
			$	$		$	$
Balance at January 1, 2019		1	-	1	-	-	1
Shares issued for acquisition of energy business	5	3,862,078	386	99,613	-	-	99,999
Shares issued under private placement	5	100,000	10	99,990	-	-	100,000
Net loss		-	-	-	-	(81,392)	(81,392)
Balance at September 30, 2019		3,962,079	396	199,604	-	(81,392)	118,608
Balance at January 1, 2020		5,762,079	576	1,369,424	-	(159,049)	1,210,951
Net loss		-	-	-	-	(367,796)	(367,796)
Accumulated other comprehensive income (loss)		-	-	-	7,149	-	7,149
Balance at September 30, 2020		5,762,079	576	1,369,424	7,149	(526,845)	850,304

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

HARMONY ENERGY TECHNOLOGIES CORPORATION

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods of three-month and nine-month periods ended on September 30, 2020 and 2019 (in United States dollars)

	Notes	Three-month periods ended		Nine-month periods ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
OPERATING ACTIVITIES					
Net gain (loss)		(162,947)	(24,773)	(367,796)	(81,392)
Items not affecting cash:					
Accrued interest income	7	(5,092)	-	(16,847)	-
Depreciation and Amortization	9,10	10,070	-	63,372	-
Loss on foreign exchange gain and loss	6	12,815	-	9,595	-
Exchange differences on translation from functional to presentation currency		(8,110)	-	(15,279)	-
		(153,264)	(24,773)	(326,955)	(81,392)
Change in working capital items	13	58,026	19,793	103,928	71,471
Cash flows used in operating activities		(95,160)	(4,980)	(223,027)	(9,921)
INVESTING ACTIVITIES					
Short term loan to other party		-	-		(180,000)
Cash received from energy storage business acquisition		-	-	-	100,000
Acquisition of Smarten	6	-	-	1,503	-
Purchase of new equipment		-	-	(971)	-
Receive loan back payment from other party		51,896	-	73,128	-
Cash flows used in investing activities		51,896	-	73,660	(80,000)
FINANCING ACTIVITIES					
FINANCING ACTIVITIES					
Proceeds from initial share issue		-	-	-	100,000
Short term loan from other parties	11,14	43,079	-	145,590	-
Cash flows from financing activities		43,079	-	145,590	100,000
Net Change in Cash		(263)	(4,980)	(3,778)	10,079
Cash, beginning of period		2,704	15,060	6,219	1
Cash, end of period		2,441	10,080	2,441	10,080

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

NOTE 1. NATURE OF OPERATION

On June 19, 2018, Harmony Energy Technologies Corporation ("Harmony" or "Company") was registered under the General Corporation Law of the State of Delaware, USA. Harmony's registered office is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware, USA 19808. The Company have authority to issue twenty million (20,000,000) common share with par value of $0.0001 per share. The Company's common shares are not quoted or listed on any market at this moment.

On January 14, 2019, the Company acquired the energy business span out from Golden Share Resources Corporation. ("Golden Share"). In exchange, the Company issued 3,862,079 common shares ("Harmony Shares") to Golden Share, which have been distributed to Golden Share's shareholders on the basis of one Harmony Share for each 10 Golden Share common shares held as of the close of business on January 3, 2019.

On November 6, 2019, the Company signed acquisition agreement (the "Agreement") with Shareholders of Smarten technology Co., Ltd. ("Smarten") to acquire the 100% ownership of Smarten (Note 6). On November 22, 2019, the Company issued 1,800,000 Harmony shares because that the Company received approximately 61.24% of total outstanding issued shares in supporting the acquisition then. On August 28, 2020, the Company held special shareholders' meeting, 3.14 million common shares representing approximately 54.47% of the Company's issued and outstanding common shares voted and 100% vote in favor for the acquisition of Smarten.

These financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB"), and the IFRS Interpretations Committee (formerly "IFRIC"), and International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These accounting policies are based on the IFRS standards and IFRIC interpretations that are expected to be applicable at December 31, 2019. The financial statements have been approved and authorized for issue by the Board of Directors on November 27, 2020 in preparation of their filing.

NOTE 2. GOING CONCERN ASSUMPTION

These financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has not yet determined when its business can generate positive income or positive cash flows. As at September 30, 2020, the Company has a deficit of $526,845 (2019: negative $81,392) and working capital of negative $960,017 (2019: positive $118,608) which will not be sufficient to support the Company's needs for cash during this and the coming year. The Company will continue raising additional debt and equity financing to support its operations until such time that its operations become self-sustaining, to fund its research and development activities and to ensure the realization of its assets and discharge of its liabilities. These factors indicate that material uncertainties exist which may cast significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional fund to further develop the energy business and continued support of suppliers and creditors. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

NOTE 3. SUMMARY OF ACCOUNTING POLICIES

Basis of preparation and evaluation of financial statements

In preparing these interim condensed consolidated financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts incurred by the Company may differ from these values.

The Company's accounting policies and significant judgements and estimates applied in these interim condensed consolidated financial statements are consistent with those of the annual financial statements for the year ended December 31, 2019, other than that, the following new accounting standards adopted in these interim condensed consolidated financial statements:

Basis of consolidation

Subsidiary is an entity controlled by the Corporation. The Corporation 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

These unaudited interim condensed consolidated financial statements include the accounts of Harmony Energy Technologies Corporation and its wholly owned subsidiary, Smarten Technology Co., Ltd. ("Smarten"). Smarten is a company registered in China. Please refer to note 6 for more details of the acquisition.

International Financial Reporting Standards 16, Leases ("IFRS 16")

The Company adopted IFRS 16, Leases, on January 1, 2019. In accordance with the transition guidance of IFRS 16, the new requirements have been applied by using modified retrospective method with the cumulative effect of initial application recognized as at January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17, "Leases". IFRS 16 requires that lessors recognize assets and liabilities for all leases on the statement of financial position, unless the lease term is 12 months or less or the lease for which the underlying asset is of low value.

Right-of-Use Assets & Lease Obligations

At inception of a contract, the Company assesses whether a contract is, or contains, a lease contract. A lease contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently depreciated using the straight-line method from the commencement date to the end of the lease term and adjusted for impairment losses as well as certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid 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. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease obligation are comprised of:

NOTE 3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- Exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease obligation 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, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments, such as operating costs and property taxes, not included in the initial measurement of the lease obligation are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Functional and presentation currency
The financial statements are presented in United States dollars, which is also the functional currency of the Company.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the Company. In the Corporation's consolidated financial statements, all assets, liabilities and transactions of entities with a functional currency other than the United States dollar are translated into United States dollars upon consolidation. On consolidation, assets and liabilities have been translated into United States dollars at the closing rate. Income and expenses have been translated into United States dollars at the average rate over the reporting period. Exchange differences are recognized in other comprehensive income and accumulated in other comprehensive income in the consolidated statements of changes in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from the item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income.

Cash
Cash consists of cash on hand and deposits in banks with no restrictions.

Inventories, work in progress and finished goods
Inventories of materials is valued at the lower of cost and net replacement value. Work in progress represents the costs that the Company incurred for projects that are not completed at the statement of financial position date. This amount includes both direct materials and direct labor costs. Finished goods are valued at the lower of average production cost and net realized value. The production cost includes the costs directly related to bringing the inventory to its current condition and location, such as materials, labor and other direct costs (including external services) and related production overheads but exclude administrative and finance costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTE 3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation commences when the asset is available for use and is charged to the consolidated statements of net loss on a straight-line basis over the useful life of the asset as outlined below:

Equipment	3 years
Furniture and fixtures	5 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in the consolidated statements of net loss.

Intangible assets

Intangible assets that are reflected in the consolidated statements of financial position consist of assets acquired through business combinations. Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date. The Company's intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is recorded on a straight-line basis over useful life for the patents which the useful life was estimate of 20 years. The estimated useful life and amortization method are reviewed at each financial year-end and adjusted if appropriate.

Research and development costs for internally-generated intangible assets are capitalized when all of the following conditions are met:

- Preliminary project stage has been completed;
- Demonstration of the technical or technological feasibility;
- management has the intention to complete the intangible asset and use it;
- it is probable that the future economic benefits that are attributable to the asset will flow to the entity;
- the Company can demonstrate the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset; and
- costs attributable to the asset can be measured reliably.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditures are charged to the consolidated statements of loss and comprehensive loss in the period in which they are incurred. The Company does not record any research and development by the nine-months ended September 30, 2020.

Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. Separately recognized goodwill is tested for impairment on an annual basis or when there is an indication of impairment. Impairment losses on goodwill are not reversed.

NOTE 3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is recognized by applying the five-step model under IFRS 15. The Company's revenue is recognized when control of the goods has been transferred, being when the goods are delivered to customers and when all performance obligations have been fulfilled. The amounts recognized as revenue represent the fair values of the considerations received or receivable from third parties on the sales of goods to customers, net of goods and services taxes and less returns, and discounts, at which time there are no conditions for the payment to become due other than the passage of time.

Impairment

Impairment of financial assets

The Company uses the expected credit losses impairment model with respect to its financial assets carried at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

Impairment of non-financial assets

An asset's residual value, useful life and amortization method are reviewed at each financial year-end and adjusted if appropriate. Such indications may be based on events or changes in the market environment, or on internal sources of information. If any such indication is present, the recoverable amount of the asset is estimated to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

An asset's recoverable amount is the higher of its fair value less costs of disposal ("FVLCD") and value in use ("VIU"). In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment losses are recognized in profit and loss for the period. Impairment losses recorded may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying value. Where impairment is subsequently reversed, the carrying amount is increased to the revised estimate of the recoverable amount but only to the extent that it does not exceed the carrying value that would have been determined (net of depreciation) had no impairment loss been recognized in prior periods.

NOTE 4. ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The judgments, estimates and assumptions applied in these condensed consolidated interim financial statements, including key sources of estimation uncertainty were the same as those applied in the Company's last annual audited consolidated financial statements for the year ended December 31, 2019.

NOTE 4. ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONTINUED)

Judgments

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Acquisition of Smarten

The Corporation accounts for business combinations using the acquisition method when control is transferred to the Corporation. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition related costs are recognized in profit or loss as incurred. Goodwill represents the excess of the consideration transferred for the acquisition of an entity over the fair value of the net identifiable assets and liabilities of that acquired business. Any goodwill that arises is tested annually for impairment.

The management assessed the acquisition of Smarten is a business acquisition and the Company has obtained the control over Smarten since January 1, 2020 and deemed Smarten as the wholly owned subsidiary of the Company since then.

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the incoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to circumstances. Please refer to Note 2 for further information.

Estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. Estimates are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Expected Credit Loss on the loan receivable

Loan receivable was assessed for impairment at the reporting date by applying the expected credit loss impairment model. Expected credit loss represents management's best estimate and assumptions based on actual credit loss experience and informed credit assessment, and also takes into consideration forward-looking information. If actual credit losses differ from estimates, future earnings would be affected.

Fair value of the shares issued for acquisition of Smarten

The Company's shares are not quoted in an active market, therefore the fair value of the Company's issued shares to Smarten is based on valuation methods and techniques generally recognized as standard within the industry in which observable data have been used to the extent practicable. Changes in assumptions about these factors could affect the reported fair value of the shares issued for acquisition of Smarten.

Business acquisition of Smarten

In a business combination, the Corporation may acquire assets and assume certain liabilities of an acquired entity. Estimates are made as to the fair value of property and equipment, intangible assets, and goodwill, among other items. In certain circumstances, such as the valuation of property and equipment, intangible assets and goodwill acquired, the Corporation may rely on independent third-party valuators. The determination of these fair values involves a variety of assumptions, include revenue growth rates, expected operating income, discount rates, and earnings multiples.

For three-month and nine-month periods ended September 30, 2020 and 2019 (in United States dollars)

NOTE 5. SHARE CAPITAL

Share capital

The share capital of the Company consists only of fully paid common shares. The Company has been authorized to issue up to twenty million (20,000,000) of common shares with par value of $0.0001 per share.

Transactions on share capital

On January 7, 2019, the Company issued 3,862,078 common shares to acquire the energy business of Golden Share. The transaction was accounted for as asset acquisition and was recorded at value of $100,000, which is the total value of the only asset acquired i.e. the prepaid expense to Battelle Memorial Institute ("Battelle") for research and development related to novel vanadium based solid-state battery technologies. Battelle is run by Pacific Northwest National Laboratory of the United States Department of Energy. The Company issued 1 share to Golden Share for $1 during the initial registration.

On January 7, 2019, the Company completed a private placement for total proceed of $100,000 and issued 100,000 units at a price of $1.00 per unit. Each Unit consists of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share at a price of $1.00 for a period of 36 months from the issuance date.

On November 22, 2019, the Company issued 1,800,000 common shares to Shareholders of Smarten as part of payment to lock up the acquisition agreement of 100% ownership of Smarten (Note 6).

Warrants

The following table shows the changes in Warrants:

	2020		2019	
	Number of warrants	Exercise price	Number of warrants	Exercise price
		$		
Outstanding on January 1, 2020 and 2019	100,000	1.00	-	-
Issued	-	-	100,000	1.00
Outstanding on September 30, 2020 and 2019	100,000	1.00	100,000	1.00

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

	September 30, 2020		September 30,2019	
Expiration date	Number of warrants	Exercise price	Number of warrants	Exercise price
		$		
January 14, 2022	100,000	1.00	100,000	1.00
	100,000	1.00	100,000	1.00

For three-month and nine-month periods ended September 30, 2020 and 2019 (in United States dollars)

NOTE 6. ACQUISITION OF SMARTEN

On November 6, 2019, the Company signed the Agreement with Shareholders of Smarten to acquire the 100% ownership of Smarten. According to the Agreement, the Company would issue 1,800,000 common shares and pay Chinese RMB2,000,000 (approximately $294,527) as the consideration for the acquisition.

On November 22, 2019, the Company issued 1,800,000 common shares to Shareholders of Smarten (Note 5) and the fair value of the shares issued was $1,170,000. The transaction is upon shareholder's final approval while the Company has acquired approximately 61.24% of total outstanding issued shares to supporting the acquisition in November 2019.

On August 28, 2020, during the annual and special shareholders' meeting, the Company received 3.14 million common shares, representing approximately 54.47% of the Company's issued and outstanding common shares, vote (100%) in favor for the acquisition of Smarten. The Company has obtained the control over Smarten and Smarten started operation as the wholly owned subsidiary of Harmony since January 1, 2020. The Company has accounted the acquisition of Smarten as business combination, and preliminarily allocated Smarten's assets and liabilities into this unaudited interim condensed consolidated financial statement based on the appraisal report valuation benchmark dated on December 31, 2019, which the net value of Smarten was $537,380 (Chinese RMB3,741,800) on December 31, 2019.

Following is the summary of the allocation of the purchase price of $1,457,231 to the identifiable assets and liabilities of Smarten and corresponding goodwill recognized:

Purchase price allocation	
Cash	1,503
Other receivables	8,132
Prepaid expense and deposits	14,426
Inventory	185,565
Property and Equipment	88,539
Intangible Assets	792,757
Goodwill	919,851
Trade and accrued liabilities	(297,452)
Deferred Revenue	(155,559)
Loan payable	(100,531)
	1,457,231
Consideration	
Common Shares	1,170,000
To be paid for Smarten Acquisition	287,231
	1,457,231

NOTE 7. LOAN RECEIVABLES

During the year ended December 31, 2019, the Company entered into agreement of short-term unsecured loans to Golden Share up to $200,000 and released US$180,000 to Golden Share in total. The unsecured loans bear interest at 1% monthly and pay back upon requested. During the year ended December 31, 2019, the Company accrued $17,106 interest income for $180,000 loan.

During the nine-month period ended September 30, 2020, the Company renewed the loan agreement with Golden Share, and the unpaid interest was capitalized, therefore the total principal amount is $197,106 when renew. The Company accrued $16,847 interest income for the loan and received $73,128 payment during the nine-month period ended September 30, 2020.

For three-month and nine-month periods ended September 30, 2020 and 2019 (in United States dollars)

NOTE 8. USE-OF-ASSESTS AND LEASE OBLIGATION

The Company adopted IFRS 16 on January 1, 2019 with retrospective method while the Company does not have any lease contract before January 1, 2020. Commencing January 1, 2020, the Company involved the operation and management of Smarten. Smarten entered a two-year office lease agreement on November 13, 2019, the continuity of the asset and liabilities arising from this lease in China as following:

	$
Right-of-use assets, January 1, 2020	83,655
Amortization	(32,035)
Foreign exchange rate adjustment	(1,159)
Right-of-use assets, September 30, 2020	52,778

	Total
Lease Obligation, January 1, 2020	83,655
Lease payment made	(30,877)
Lease Obligation, September 30, 2020	52,778
Includes	
Current portion of lease obligation	47,102
Non-current portion of lease obligation	5,676

NOTE 9. PROPERTY AND EQUIPMENT

	Equipments	Computer and office equipment	Total
Cost:			
Balance at December 31, 2019	-	-	-
Addition for acquistion of Smarten (January 1, 2020)	81,007	7,532	88,539
New addition		971	971
Foreign currency translation adjustment	2,058	1,202	3,260
Balance at September 30, 2020	83,065	8,734	91,799
Accumulated Depreciation:			
Balance at January 1, 2020	-	-	-
Depreciation	29,300	2,625	31,925
Foreign currency translation adjustment	884	79	963
Balance at September 30, 2020	30,184	2,704	32,888
Net Book Value:			
Balance at December 31, 2019	-	-	-
Balance at September 30, 2020	52,881	6,030	58,911

The Company accrued $31,925 for the nine-month period ended September 30, 2020, which $30,049, $1,826 and $50 were record as products research and development expense, administrative expense and cost of goods sold in the interim condensed consolidated statements of loss and comprehensive loss, respectively.

For three-month and nine-month periods ended September 30, 2020 and 2019 (in United States dollars)

NOTE 10. INTANGIBLE ASSETS

The Company's intangible assets are composed of the assets acquired from the business acquisition of Smarten which included 14 patented energy technologies or unpatented certificate. (please refer to Note 6 for details)

	$
Cost:	
Balance at December 31, 2019	-
Addition for acquisition of Smarten (January 1, 2020)	792,757
Foreign currency translation adjustment	20,139
Balance at September 30, 2020	812,896
Amortization:	
Balance at Jauary 1, 2020	-
Amortization:	29,591
Foreign currency translation adjustment	893
Balance at September 30, 2020	30,484
Net book Value:	
Balance at December 31, 2019	-
Balance at September 30, 2020	782,412

During the nine-month period ended September 30, 2020, the Company record $29,591 amortization of the intangible assets as part of administrative expenses in the interim condensed consolidated statements of loss and comprehensive loss.

NOTE 11. LOAN PAYABLES

In January 2020, Smarten entered into an agreement of six-month unsecured loans for RMB300,000 (approximately $44,179) and the loan bear interest at 18% annually. The Company accrued RMB27,000 (approximately $3,860) interest expense for this loan.

In January 2020, Smarten entered into another agreement of six-month unsecured loans for RMB300,000 (approximately $44,179) and the loan bear interest at 20% annually. The Company accrued Chinese RMB30,000 (approximately $4,289) interest expense for this loan.

In May 2020, Smarten entered into another agreement of six-month unsecured loans for RMB200,000 (approximately $29,453) and the loan bear interest at 20% annually. The Company accrued RMB11,613 (approximately $1,660) interest expense for this loan.

In July 2020, Smarten entered into a six-month unsecured loan agreement to extend the previous loan agreement of RMB300,000 (approximately $44,179) and the loan bears interest at 18% interest annually. The Company accrued RMB12,000 (approximately $1,715) interest expense for this loan.

In July 2020, Smarten entered into a 6 months unsecured loan agreement to extend the previous loan agreement with the new principal as RMB330,000 (approximately $48,597) including the unpaid interests, and the loan bears interest at 20% interest annually. The Company accrued RMB13,750 (approximately $1,966) interest expense for this loan.

In July 2020, Smarten entered into loan agreement with Mr. Juntao Zheng to settle the outstanding interest free loan of RMB370,000 (approximately $54,488), which the loan bears 18% interest annually and due on December 31, 2020. The Company accrued RMB16,650 (approximately $2,380) interest expense for this loan.

For three-month and nine-month periods ended September 30, 2020 and 2019 (in United States dollars)

NOTE 11. LOAN PAYABLES (CONTINUED)

In July 2020, Smarten entered into loan agreement with Mr. Nick Zeng to settle the outstanding interest free loan of Chinese RMB364,500 (approximately $53,678), which the loan bears 18% interest annually and due on December 31, 2020. The Company accrued RMB16,403 (approximately $2,416) interest expense for this loan.

In August 2020, Smarten entered into another six-month unsecured loan agreement for RMB100,000 (approximately $14,726) and the loan bears interest at 20% annually. The Company accrued RMB3,065(approximately $438) interest expense for this loan.

NOTE 12. ADMINISTRATIVE EXPENSES BY NATURE

	Three-month periods ended		Nine-month periods ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Management fees	(18,000)	(18,000)	(54,000)	(54,000)
Office rent and general	(10,147)	-	(32,990)	-
Salaries and benefits expenses	(7,962)	-	(23,605)	-
Professional services	(41,758)	(4,906)	(85,758)	(9,906)
Regulatory fees	(1,449)	861	(6,303)	(3,729)
Transfer agent fees	(7,281)	(2,637)	(12,458)	(7,343)
Travel, accommodation and meals	-	(2,210)	-	(14,565)
Depreciation & Amortization	(10,614)	-	(31,417)	-
	(97,211)	(26,892)	(246,531)	(89,543)

NOTE 13. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital item are the detailed as follows

	Three-month periods ended		Nine-month periods ended	
	September 30, 2020	September30, 2019	September 30, 2020	September30, 2019
Changes in other receivables	-	(5,440)	8,132	(11,707)
Changes in prepaid expenses	(1,939)	-	(37,863)	-
Changes in inventory	(366)	-	183,522	-
Changes in accounts and other payables	60,240	25,233	103,347	83,178
Changes in deferred revenue	91	-	(153,210)	-
	58,026	19,793	103,928	71,471

During the nine-month period ended September 30, 2019, the Company issued 3,862,078 common shares to Golden Share to acquire the energy business of Golden Share, which the energy business includes the prepaid R&D expense of $100,000 to Battelle Memorial Institute.

NOTE 14. RELATED PARTIES

The Company considers its related parties to consist of key members or former members of its management personnel (including all officers and directors), their close family members, and companies controlled or significantly influenced by such individuals; and reporting shareholders and their affiliates which may exert significant influence over the Company's activities.

For three-month and nine-month periods ended September 30, 2020 and 2019 (in United States dollars)

NOTE 14. RELATED PARTIES (CONTINUED)

a) During the nine-month ended September 30, 2020, the Company has following related party transactions:

- N. Zeng & Company Inc., a company owned by the President and CEO, provides consulting and administrative services. The Company accrued $54,000 management fee for the CEO's service (2019: $54,000).

- The Company accrued $36,000 professional fee for the services provided by the CFO, and the Company has accrued $27,000 in comparable period in 2019.

- The Company accrued Chinese RMB18,000 (approximately $2,573) monthly for the services provided by Ms. Nan (Nancy) Du, the Director of the Company and the General Manager of Smarten.

As at September 30, 2020, the Company had $126,000, $72,000 and $50,476 due to the CEO, CFO and the President of Smarten for the management and professional services, respectively, which were included in trade payable and accrued liabilities. The Company recorded $38,315 accounts payable to the CEO due to the operational expense paid by the CEO on behalf of the Company.

b) Mr. Nick Zeng, President and CEO, continuedly provided interest free loan of RMB364,500 (approximately $53,678) directly to Smarten since December 2019.

Mr. Juntao Zheng holds around 19.78% of Harmony common share due to the acquisition of Smarten. Mr. Zheng provided interest free loan of RMB 370,000 (approximately $54,488) to Smarten by the year ended December 31, 2019.

In July 2020, the Company signed loan agreement with both lenders, the loan bears interest at 18% interest annually. Please refer to note 11 for details.

c) Golden Share has common officers with Harmony, and Harmony has loan receivable of $140,825 to Golden Share. (See Note 7)

NOTE 15. FAIR VALUE OF FINANCIAL INSTRUMENTS

As at September 30, 2020, all the Company's financial instruments are measured at amortized cost. The carrying value of all these financial instruments are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments. The following shows the carrying values of the Company's financial assets and liabilities as at September 30, 2020 and 2019.

Amortized Cost financial assets	September 30, 2020	September 30, 2019
Cash	2,441	10,080
Other receivables	-	
Prepaid expense and deposits	52,290	-
Loan receivable	140,825	191,706
	195,556	201,786

Amortized Cost financial Liabilities	September 30, 2020	September 30, 2019
Trade payables and accrued liabilities	860,000	83,178
Deferred revernue	2,349	-
Loan payables	246,121	-
Lease obligations, current	47,102	-
Lease obligations, non-current	5,676	-
	1,161,248	83,178

For three-month and nine-month periods ended September 30, 2020 and 2019 (in United States dollars)

NOTE 16. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the Company's assets; and
- to provide an adequate return to shareholders of the Company.

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods under review is summarized in the statement of changes in equity (deficit).

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or sell assets. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

NOTE 17. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed are credit risk and liquidity risk. The Company does not use financial assets for speculative purposes.

No changes were made in the objectives, policies and processes related to financial instrument risk management during the reported periods.

Credit risk

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	September 30, 2020	September 30, 2019
	$	$
Cash	2,441	10,080
Prepaid expense and deposits	52,290	-
Loan receivables	140,825	191,706
	195,556	201,786

The credit risk regarding cash is considered to be negligible because the counterparty is a reputable bank with an investment grade external credit rating. Management believes that the credit risk related to the loan receivable to Golden Share (Note 5) is also remote given Golden Share has common officers with Harmony, and Golden Share is working on the payment plan.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

For three-month and nine-month periods ended September 30, 2020 and 2019 (in United States dollars)

NOTE 17. FINANCIAL INSTRUMENT RISKS (CONTINUED)

Over the past period, the Company has financed its business development commitments, its working capital requirements and acquisitions through private placement. As at September 30, 2020, the Company did not have sufficient cash to pay its trade payable, accrued liabilities and loan payable which have contractual maturities within twelve months.

NOTE 18. COMMITMENTS

Royalty for Vanadium Electrolyte License

The Company has the License Agreement with Battelle Memorial Institute ("Battelle") to produce, use and sell vanadium electrolytes developed by Pacific Northwest National Laboratory.

On October 31, 2019, the Company has signed Amendment Agreement (the "Amendment") with Battelle to change the payment term. According to the Amendment, the Company shall pay Battelle minimum royalty on the last day of the following January for preceding calendar year. The following is a schedule of future obligations, while the Company can terminate the agreement at any time upon sixty (60) days written notice in advance.

	Cash payment
	$
2022	5,000
2023	10,000
2024 and each calendar year thereafter during the term of the agreement	20,000

NOTE 19. SUBSEQUENT EVENT

Subsequent to September 30, 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the USA and China regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

In October and November 2020, the Company received US$50,000 three-month free interest unsecured loan from several shareholders.