

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

**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended March 31, 2022**

- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File No. 000-56380**

**HARMONY ENERGY TECHNOLOGIES CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**165 Broadway, FL 23  
New York, New York**

(Address of principal executive offices)

**83-2756695**

(I.R.S. Employer  
Identification No.)

**10006**

(Zip Code)

**(212) 602-1188**

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: None

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$0.0001 per share  
(Title of class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes  No

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

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

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

19,780,079 shares of common stock were issued and outstanding as of April 21, 2022.

HARMONY ENERGY TECHNOLOGIES CORPORATION

Form 10-Q  
For the Fiscal Quarter Ended March 31, 2022  
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**PART I — FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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**HARMONY ENERGY TECHNOLOGIES CORPORATION**  
**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**

As of March 31, 2022

	<u>Note</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
<b>ASSETS</b>			
Current Assets:			
Cash		53,799	119,357
VAT recoverable		55,334	54,947
Prepaid expenses and other assets		29,240	34,494
Inventory		13,603	13,412
<b>Total Current Assets</b>		<b>151,976</b>	<b>222,210</b>
Non-Current Assets:			
Equipment	6	1,987	2,131
<b>Total Assets</b>		<b>153,963</b>	<b>224,341</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current Liabilities			
Accounts payable and accrued liabilities		176,268	134,187
Loan payable	7	505,537	189,717
Loan from related parties	9	77,237	464,653
<b>Total Liabilities</b>		<b>759,042</b>	<b>788,557</b>
Stockholders' Equity:			
Share capital	5	1,978	1,978
Additional paid in capital	5	1,653,822	1,653,822
Accumulated deficit		(2,223,601)	(2,183,207)
Accumulated other comprehensive loss		(37,278)	(36,809)
<b>Total Stockholders' Equity</b>		<b>(605,079)</b>	<b>(564,216)</b>
<b>Total Liabilities and Stockholders' Equity</b>		<b>153,963</b>	<b>224,341</b>

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

Approved on behalf of the Board

“Christian Guilbaud”, Director

“Kenneth Charles Grainger”, Director

**HARMONY ENERGY TECHNOLOGIES CORPORATION**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS**  
**OF OPERATIONS AND COMPREHENSIVE INCOME**

For the three-month periods ended March 31, 2022 and 2021

	Note	(in US Dollars)	
		Three-month periods ended	
		March 31, 2022	March 31, 2021
Cost of goods sold		-	(5,398)
<b>Gross Profit</b>		-	(5,398)
<b>Operating Expenses</b>			
Research and development		(15,304)	(8,805)
Professional and management fees		(67,373)	(46,886)
Office and general	8	(19,971)	(23,279)
Stock based compensation	5	-	(2,000)
Depreciation	6	(149)	(4,155)
Financial expenses		63,628	(31,392)
Total Operating Expenses		(39,169)	(116,517)
<b>Operating Income (Loss)</b>		<b>(39,169)</b>	<b>(121,915)</b>
<b>Other Income (Expenses)</b>			
Interest income		-	512
Foreign exchange loss		(1,225)	(2,761)
<b>Loss, Net of Income Tax</b>		<b>(40,394)</b>	<b>(124,164)</b>
Foreign currency translation differences of foreign operations		(469)	1,804
<b>Net Loss and Other Comprehensive Loss</b>		<b>(40,863)</b>	<b>(122,360)</b>
Basic net income per share		(0.002)	(0.01)
Weighted average number of common shares outstanding		19,780,079	11,037,635

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

**HARMONY ENERGY TECHNOLOGIES CORPORATION**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**

As of March 31, 2022

(in US Dollars)							
		Number of	Par	Additional	Accumulated	Accumulated	Total
	Note	Common	Value	Paid in	Deficit	Other	
		Share		Capital		Income (Loss)	
<b>Balance - January 1, 2021</b>		<b>10,842,079</b>	<b>1,084</b>	<b>760,916</b>	<b>(1,344,101)</b>	<b>(31,806)</b>	<b>(613,907)</b>
Shares issued for private placement	5	200,000	20	19,980	-	-	20,000
Shares issued for debt settlement	9	100,000	10	9,990	-	-	10,000
Shares issued to Officers and Consultants as compensation	5	20,000	2	1,998	-	-	2,000
Net loss		-	-	-	(124,164)	-	(124,164)
Foreign currency translation differences of foreign operations		-	-	-	-	1,804	1,804
<b>Balance - March 31, 2021</b>		<b>11,162,079</b>	<b>1,116</b>	<b>792,884</b>	<b>(1,468,265)</b>	<b>(30,002)</b>	<b>(704,267)</b>
<b>Balance - January 1, 2022</b>		<b>19,780,079</b>	<b>1,978</b>	<b>1,653,822</b>	<b>(2,183,207)</b>	<b>(36,809)</b>	<b>(564,216)</b>
Net loss		-	-	-	(40,394)	-	(40,394)
Foreign currency translation differences of foreign operations		-	-	-	-	(469)	(469)
<b>Balance - March 31, 2022</b>		<b>19,780,079</b>	<b>1,978</b>	<b>1,653,822</b>	<b>(2,223,601)</b>	<b>(37,278)</b>	<b>(605,079)</b>

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

**HARMONY ENERGY TECHNOLOGIES CORPORATION**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three-month periods ended March 31, 2022 and 2021

	Note	(in US Dollars)	
		March 31, 2022	March 31, 2021
<b>OPERATING ACTIVITIES</b>			
Net loss		(40,394)	(124,164)
Non-cash items:			
Interest income		-	(497)
Stock based compensation	5	-	2,000
Depreciation	6	149	4,185
Interest expense		(63,690)	31,142
Rent expense		-	11,929
Loss on foreign exchange gain and loss		-	2,761
Exchange differences on translation from functional to presentation currency		(8,378)	1,804
Change in non-cash working capital items			
Prepaid expenses and other assets		4,674	(28,147)
Accounts payable and accrued liabilities		42,081	30,429
Deferred revenue		-	(9)
<b>Cash Flow from Operating Activities</b>		<b>(65,558)</b>	<b>(68,567)</b>
<b>INVESTING ACTIVITIES</b>			
Repayment received from other party	6	-	44,025
<b>Cash Flow from Investing Activities</b>		<b>-</b>	<b>44,025</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from private placement	5	-	20,000
Lease payment		-	(12,800)
<b>Cash Flow from Financing Activities</b>		<b>-</b>	<b>7,200</b>
<b>Net change in cash during the period</b>		<b>(65,558)</b>	<b>(17,342)</b>
<b>Cash, beginning of period</b>		<b>119,357</b>	<b>63,990</b>
<b>Cash, end of period</b>		<b>53,799</b>	<b>46,648</b>

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

**HARMONY ENERGY TECHNOLOGIES CORPORATION**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(in United States Dollars)

For the three months periods ended March 31, 2022 and 2021

**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’s common shares have not listed or quoted on any market at this moment.

On January 14, 2019, the Company completed the acquisition of the energy business which was spun out from Golden Share Resources Corporation (“Golden Share”). In exchange, the Company issued 3,862,079 common shares (“Harmony Shares”) to Golden Share, which was 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 September 1, 2020, the Company completed the acquisition of Shenzhen Smarten Technology Co., Ltd. (“Smarten”).

**NOTE 2. GOING CONCERN ASSUMPTION**

These financial statements have been prepared on the basis of the going concern assumption which contemplates that 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 energy business can generate income or cash flows. As of March 31, 2022, the Company has an accumulated deficit of \$2,223,601 (deficit of \$2,183,207 on December 31, 2021) and working capital deficit of \$607,066 (deficit of \$566,347 on December 31, 2020) which will not be sufficient to support the Company’s needs for cash during this and the coming year. In addition, the COVID-19 pandemic has had a significant negative impact on the Company’s interim condensed consolidated financial statements as of March 31, 2022, and management expects the pandemic to continue to have a negative impact in the foreseeable future, the extent of which is uncertain and largely subject to whether the severity of the pandemic worsens, or duration lengthens. In the event that the COVID-19 pandemic and the economic disruptions it has caused continue for an extended period of time the Company cannot assure that it will remain in compliance with the financial covenants in its credit facilities. The Company will require additional funding to be able to develop the business and to meet ongoing requirements for general operations. 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 Presentation**

These interim condensed consolidated financial statements were prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”)

The financial statements have been approved and authorized for issue by the Board of Directors on May 12, 2022.



**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Shenzhen Smarten Technology Co., Ltd. (“Smarten”). Smarten is a company registered in China. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Business combinations**

We account for the acquisition of Smarten as a business combination under the acquisition method of accounting, which that the acquired assets and the liabilities assumed be recorded at their acquisition date at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Acquisition-related costs are expensed as incurred in the consolidated financial statements. Significant judgments are used in determining the estimated fair values assigned to the assets acquired and liabilities assumed and in determining estimates of useful lives of long-lived assets acquired. Estimates of the fair values of assets acquired and liabilities assumed are based upon assumptions believed to be reasonable, and when appropriate, include assistance from independent third-party appraisal firms. While we use our best estimates and assumptions to value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Overpayments are best addressed through subsequent impairment testing of goodwill. However, when there is evidence to suggest that the business combination transaction is not an exchange of equal values, such overpayments should be expensed at acquisition date.

**Functional and presentation currency**

The financial statements are presented in United States dollars, which is also the functional currency of the Company. The functional currency of Smarten is Chinese Renminbi Yuan (“CNY”).

**Foreign currency transactions and balances**

In respect of transactions denominated in currencies other than the Company and its subsidiaries’ functional currencies, the monetary assets and liabilities are remeasured at the period end rates. Revenue and expenses are re-measured at rates of exchange prevailing on the transaction dates. All of the exchange gains or losses resulting from these transactions are recognized in the consolidated statements of operations.

When the Company translates the financial statements of subsidiaries from their functional currency to presentation currency, assets and liabilities are translated into United States dollars at the exchange rate in effect at the balance sheet date. Share capital, contributed surplus, other comprehensive (loss) income, and accumulated deficits are translated into United States dollars at historical exchange rates. Revenues and expenses are translated into United States dollars at the average exchange rate for the year. Foreign exchange gains and losses on translation are included in other comprehensive (loss) income.

**Right-of-use assets & lease liabilities**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date according to ASC 842 Leases. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, the Company recognizes a lease liability measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Currently, the Company only have the leases with terms of 12 months or less, the Company elects to not recognize lease assets and liabilities, instead recognize lease expense on a straight-line basis, generally, over the term of the lease.

#### **Cash**

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

#### **Inventories**

Inventories are stated at the lower of the cost or net realizable value and include raw materials, work in progress and finished goods. Cost is determined as follows: Raw Materials and Work in Progress ("WIP") – Cost is determined on a standard cost basis utilizing the weighted average cost of historical purchases, which approximates actual cost. The cost of WIP and finished goods includes the cost of raw materials and the applicable share of the cost of labor and fixed and variable production overheads.

The Company regularly evaluates the value of inventory based on a combination of factors including the following: historical usage rates, product end of life dates, technological obsolescence and product introductions. The Company includes demonstration units within inventories. Proceeds from the sale of demonstration units are recorded as revenue.

#### **Equipment**

Equipment is 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 assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the consolidated balance sheets, and any resulting gain or loss is reflected in the consolidated statements of operations.

#### **Revenue recognition**

The Company adopted Accounting Standards Codification ("ASC") 606 "Revenue from contract with customers" ("ASC 606") on June 19,2018 (the incorporation date) using the modified retrospective method for all contracts not completed as of the date of adoption.

The Company generates revenue from the sales of its products. According to ASC 606, revenue is recognized based on the following five steps: (1) identification of the contract(s) with the customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; and (4) allocation of the transaction price to the separate performance obligations in the contract; and (5) recognition of revenue when (or as) the entity satisfies a performance obligation.

#### **Cost of goods sold**

For product sales, the costs of goods sold are recognized upon shipment to the customer or distributor.

## **Impairment of long-lived assets**

The Company accounts for the impairment of long-lived assets in accordance with FASB, Accounting Standards Codification (“ASC”) 360-10, “Accounting for the Impairment of Long-Lived Assets”. This standard requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the assets’ carrying amounts may not be recoverable. For assets that are to be held and used, impairment is assessed when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying values. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of the carrying value and estimated net realizable value. During the three months period ended March 31, 2022 and 2021, there was no impairment of long-lived assets.

### **Fair value measurement**

Financial assets and financial liabilities are initially recognized at fair value when the Company becomes a party to the contractual provision of the financial instrument. Subsequently, all financial instruments are measured at amortized cost using the effective interest method.

The financial instruments of the Company consist of cash, accounts receivable, loan receivable, accounts payable and accrued liabilities, loan payable, and lease liability. The fair value of the financial instruments approximates their carrying values due to their short-term nature.

The Company measures the fair value of its financial assets and liabilities using the fair value hierarchy. A financial instrument’s classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”). ASU 2016-13 replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses. The update is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The new standard is effective for fiscal years beginning after December 15, 2019 (i.e., a January 1, 2020 effective date), with early adoption permitted for fiscal years beginning after December 15, 2018. The Company adopted the standard on January 1, 2019.

## **Income taxes**

Income tax expense is the total of the current year’s income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

## Equity

Share capital represents the par value of shares issued and the residual amount received upon the share issuance less the share issue expenses net of any tax benefits on the earnings underlying these share issue expenses are recorded as additional paid in capital.

## Stock-based compensation

The Company accounts for stock-based compensation in accordance with ASC 718, “Compensation – Stock Compensation” (“ASC 718”). ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service period in the Company’s consolidated statements of operations.

The fair value of stock options (“options”) on the grant date is estimated using the Black-Scholes option-pricing model using the single-option approach. The Black-Scholes option pricing model requires the use of highly subjective and complex assumptions, including the option’s expected term and the price volatility of the underlying stock, to determine the fair value of the award. The Company recognizes compensation expenses for the value of its awards granted based on the straight-line method over the requisite service period of each of the awards. The Company has made a policy choice to account for forfeitures when they occur.

Stock options granted to non-employees are based on the fair value on the grant date and re-measured at the end of each reporting period based on the fair value until the earlier of the options being fully vested and completion of the performance obligations. These are subject to a service vesting condition and are recognized on a straight-line method over the requisite service period. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Estimated forfeitures are based on historical pre-vesting forfeitures.

## Loss per share

The Company computes loss per share in accordance with ASC Topic 260, “Earnings Per Share” (“ASC 260”) and related guidance, which requires two calculations of loss attributable to the Company’s shareholders per share to be disclosed: basic and diluted. Diluted loss per share is the same as basic loss per share for the years in which the Company had a net loss because the inclusion of outstanding common stock equivalents would be anti-dilutive.

## Recently issued accounting standards not yet adopted

In April 2020, Financial Accounting Standards Board (the “FASB”) issued a Staff Question-and-Answer Document (Q&A): ASC Topic 842 and ASC Topic 840: Accounting for Lease Concessions Related to the Effects of the COVID-19 Pandemic, that focuses on the application of the lease guidance for lease concessions related solely to the effects of COVID-19. The FASB issued the guidelines to reduce the burden and complexity for companies to account for such lease concessions (e.g., rent abatements or other economic incentives) under current lease accounting rules due to COVID-19 by providing certain practical expedients that can be used. This guidance can be applied immediately. The Company anticipates that the adoption of the guidance will not have a material impact on the Company’s consolidated financial statements.

In March 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-04 - Facilitation of the Effects of Reference Rate Reform on Financial Reporting (ASC Topic 848). This authoritative guidance provides optional relief for companies preparing for the discontinuation of interest rates such as LIBOR, which is expected to be phased out at the end of calendar 2021, and applies to lease contracts, hedging instruments, held-to-maturity debt securities and debt arrangements that have LIBOR as the benchmark rate. This guidance can be applied for a limited time, as of the beginning of the interim period that includes March 12, 2020 or any date thereafter, through December 31, 2022. The guidance may no longer be applied after December 31, 2022. In January 2021, the FASB issued authoritative guidance that makes amendments to the new rules on accounting for reference rate reform. The amendments clarify that all derivative instruments affected by the changes to interest rates used for discounting, margining or contract price alignment, regardless of whether they reference LIBOR, or another rate expected to be discontinued as a result of reference rate reform, an entity may apply certain practical expedients in ASC Topic 848. The Company is currently assessing the impact of applying this guidance as well as when to adopt this guidance.

In February 2020, the FASB issued authoritative guidance (ASU 2020-02 – Financial Instruments – Credit Losses (Topic 326) and Leases (Topic 842)) that amends and clarifies Topic 326 and Topic 842. For Topic 326, the codification was updated to include the SEC staff interpretations associated with registrants engaged in lending activities. ASC Topic 326 is effective for annual periods beginning after January 1, 2023, including interim periods within those fiscal years. The Company is currently evaluating the impact of applying this guidance on its financial instruments, such as accounts receivable.

#### **NOTE 4. ESTIMATES, JUDGMENTS AND ASSUMPTIONS**

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions made in the accompanying consolidated financial statements include, but are not limited to, the implicit interest rate used to record lease liabilities, allowance for doubtful accounts, inventory valuation, the valuation and measurement of deferred tax assets and liabilities, useful lives of property and equipment, valuation of acquired assets and assumed liabilities, recognition of intangible assets and goodwill for the business combination. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could materially differ from those estimates.

##### **Judgments**

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

###### *Acquisition of Smarten*

The Corporation accounted as business combinations by using acquisition method when the control was transferred to the Corporation. The Company measured the identifiable assets and liabilities assumed at their fair value at the acquisition date. Acquisition related costs are recognized in profit or loss as incurred.

The management assessed that the acquisition of Smarten is a business acquisition. The Company obtained the control of Smarten on 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:

###### *Expected Credit Loss on the accounts receivable and the loan receivable*

Accounts receivable and loan receivable was assessed for the expected credit loss at each reporting date. 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.

#### *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 valuers. The determination of these fair values involves a variety of assumptions, include revenue growth rates, expected operating income, discount rates, and earnings multiples.

#### *Income taxes*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Company's ability to use future tax deductions, the Company would adjust future income tax provisions or recoveries.

### **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 fifty million (50,000,000) of common shares with a par value of \$0.0001 per share.

#### **Transactions on share capital**

	<b>Number of Shares</b>	<b>Unit Price</b>	<b>Fair Value</b>
<b>Outstanding as of January 1, 2021</b>	<b>10,842,079</b>		<b>762,000</b>
Shares issued for private placement (i)(ii)(iii)	3,581,880	0.10	358,188
Shares issued for debt settlement (iv)	2,306,120	0.10	230,612
Shares issued to Officers and Consultants as compensation (v)	3,050,000	0.10	305,000
<b>Outstanding as of December 31, 2021</b>	<b>19,780,079</b>		<b>1,655,800</b>
<b>Outstanding as of March 31, 2022</b>	<b>19,780,079</b>		<b>1,655,800</b>

- (i) On February 8, 2021, the Company completed a private placement with total proceeds of \$20,000 and issued 200,000 units at a price of \$0.10 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 \$0.25 for a period of 36 months from the issuance date.
- (ii) On July 8, 2021, the Company completed a private placement with total proceeds of \$100,000 and issued 1,000,000 units at a price of \$0.10 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 \$0.25 for a period of 36 months from the issuance date.

- (iii) On September 28, 2021, the Company completed a private placement for total proceeds of \$238,188 and issued 2,381,880 units at a price of \$0.10 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 \$0.25 for a period of 24 months from the issuance date.
- (iv) During the year ended December 31, 2021, the Company settled accounts payable with key management personnel for an aggregate amount of \$76,000 by issuing 760,000 common shares at a price of \$0.10 per share. And the Company settled loan payable of \$154,612 (CNY 1,000,000) by issuing 1,546,120 common shares at a price of \$0.10 per share, which the loan was owed by Smarten.
- (v) During the year ended December 31, 2021, the Company issued 1,050,000 common shares to compensate certain directors, officers and consultants at a price of \$0.10 per share. At the same time, the Company issued 2,000,000 common shares at a price of \$0.10 to 2 key team members as a retainer bonus.

#### Warrants

The following table shows the change in warrants and outstanding warrants.

	<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Fair Value</b>	<b>Weighted Average Remaining Life (Years)</b>	<b>Expiry Date</b>
<b>Outstanding as of December 31, 2019</b>	<b>100,000</b>	<b>1.00</b>	<b>35,457</b>	<b>-</b>	January 13, 2022
Issued for private placement	1,000,000	0.25	29,415	1.75	December 28, 2023
<b>Outstanding as of December 31, 2020</b>	<b>1,100,000</b>		<b>64,872</b>		
Issued for private placement	200,000	0.25	6,052	1.85	February 5, 2024
Issued for private placement	1,000,000	0.25	30,810	2.27	July 7, 2024
Issued for private placement	2,381,880	0.25	66,529	1.49	September 26, 2023
<b>Outstanding as of December 31, 2021</b>	<b>4,681,880</b>		<b>168,263</b>		
Warrants expired	(100,000)	1.00	(35,457)	-	
<b>Outstanding as of December 31, 2020</b>	<b>4,581,880</b>		<b>132,806</b>	<b>1.73</b>	

The value of the warrants was calculated using the Black-Scholes model and the assumptions at grant date and period end date were as follows:

- (i) Risk-free interest rate: 0.17% - 2.51%, which is based on the Bank of Canada benchmark bonds yield 3 years rate in effect at the time of grant for bonds with maturity dates at the estimated term of the warrants
- (ii) Expected volatility: 83.80% - 122.79%, which is based on the Company’s historical stock prices
- (iii) Expected life: 3 year
- (iv) Expected dividends: \$Nil

**NOTE 6. EQUIPMENT**

<b>COST</b>	<b>Computer and Office Equipment</b>	<b>Total</b>
<b>Balance - December 31, 2021</b>	2,280	2,280
Foreign currency translation differences	5	5
<b>Balance - March 31, 2022</b>	<b>2,285</b>	<b>2,285</b>

<b>Accumulated Depreciation</b>	<b>Computer and Office Equipment</b>	<b>Total</b>
<b>Balance - December 31, 2021</b>	149	149
Amortization	149	149
<b>Balance - March 31, 2022</b>	<b>298</b>	<b>298</b>

<b>Net Book Value</b>	<b>Computer and Office Equipment</b>	<b>Total</b>
Balance - December 31, 2021	2,131	2,131
Balance - March 31, 2022	1,987	1,987

**NOTE 7. LOAN PAYABLES**

The Company has entered into the following loan agreements since January 1, 2020.

- a. In January 2020, Smarten entered into an agreement of six-month unsecured loans for \$45,951 (CNY300,000) and renewed the loan in July 2020, January 2021, and July 2021. the loan bears interest at 18% annually. On December 30, 2021, the Company renewed the loan for six months with the lender, and received extra loan of \$23,603 (CNY150,000), all the loan bears interest at 18% annually. The Company paid interest expense of \$2,950 (CNY18,750) for this loan during the three months period ended March 31, 2022 (2021 - \$1,719).
- b. In January 2020, Smarten entered into another agreement of six-month unsecured loans for \$45,951 (CNY300,000) and renewed the loan in July 2020, the loan bears interest at 20% annually.
- c. In May 2020, Smarten entered into another agreement of six-month unsecured loans for \$30,634 (CNY200,000) and the loan bears interest at 20% annually.
- d. In August 2020, Smarten entered into another six-month unsecured loan agreement for \$15,317 (CNY100,000) and the loan bears interest at 20% annually.

During the year ended December 31, 2020, the Company has accrued interest of \$12,674 for the above 3 loan agreements (b, c, and d). On December 31, 2020, the Company entered into a new loan agreement to replace the 3 loan agreements, and total principal amount is \$105,302 (CNY 687,486, includes the unpaid interest) and the loan bears interest at 20% annually. The loan agreement was renewed on June 30, 2021 and December 31, 2021. During the three months period ended March 31, 2022, the Company accrued interest expense of \$6,455 (2021- \$4,822).

- e. In July 2020, Smarten entered into a loan agreement with the President & CEO of Harmony for a loan of \$55,830 (CNY364,500) and renewed on December 31, 2020 and June 30, 2021. The loan bears 18% interest annually. On December 31, 2021, the principal of loan was increased to \$58,929 (CNY374,500) and extended to December 31, 2022, at the same time, the loan was assigned to Keystone Associates Inc., a Company 100% owner by the President & CEO of Harmony. The Company accrued interest expenses of \$2,651 (2021- \$2,757) for this loan during the three months period ended March 31, 2022.
- f. In September 2020, the Company entered into an agreement with one of former directors, Ms. Nan Du, who is the original shareholder of Smarten, to settle the unpaid cash consideration of \$287,280 (CNY2,000,000, note 6) as loan payable. The loan bears annual interest rate of 18%. The Company accrued interest expenses of \$55,830 (2020 - \$18,380) for the cash consideration during the year ended December 31, 2021.

In February 2022, Ms. Du waived all the interest and agreed to receive payment when Harmony cash position is sufficient upon Harmony's decision.



**NOTE 8. OFFICE AND GENERAL BY NATURE**

	Three months periods ended	
	March 31, 2022	March 31, 2021
Salaries and benefits expenses	12,537	8,806
Office rent and related expenses	4,298	11,289
Transfer agent fee	2,686	2,533
Regulatory fee	450	225
Others	-	426
Total	19,971	23,279

**NOTE 9. 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.

During the three months period ended March 31, 2022, the Company has the following related party transactions:

- A company owned by the President and CEO provides consulting and administrative services to the Company. The Company recorded \$18,000 management fee for the CEO's service (2021- \$18,000).
- The Company recorded \$12,000 (2021 - \$12,000) professional fee to CFO for the services provided.
- The Company made a cash payment of \$6,137 (CNY 39,000) to a director, who is acting as the General Manager of Smarten for his service at Smarten since August 2021.

During the three-month period ended March 31, 2021, the Company settled accounts payable with CEO and CFO for an aggregate amount of \$10,000 by issuing 100,000 common shares.

In July 2020, Smarten entered into a loan agreement with the President & CEO of Harmony for a loan of \$55,830 (CNY 364,500) and renewed on December 31, 2020 and June 30, 2021. The loan bears 18% interest annually. On December 31, 2021, the principal of loan was increased to \$58,929 (CNY374,500) and extended to December 31, 2022, at the same time, the loan was assigned to Keystone Associates Inc., a Company 100% owner by the President & CEO of Harmony. The Company accrued interest expenses of \$2,651 (2021- \$2,757) for this loan during the three months period ended March 31, 2022.

**NOTE 10. CAPITAL MANAGEMENT**

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.

These objectives will be achieved by selling its tested vanadium electrolyte with licensed technology, revenue generated from Smarten.

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 11. FINANCIAL INSTRUMENT RISKS**

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 3. 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:

As of	March 31, 2022	March 31, 2021
Cash	53,799	46,648
VAT recoverable	55,334	45,668
Loan to related parties	29,240	79,316
Total	<b>138,373</b>	<b>171,632</b>

The credit risk regarding cash is considered to be negligible because the counterparty is a reputable bank with an investment grade external credit rating.

##### **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.

Over the past period, the Company has financed its business development commitments, its working capital requirements and acquisitions through private placement. As of March 31, 2022, the Company did not have sufficient cash to pay its accounts payable and accrued liabilities which have contractual maturities within twelve months.

##### **Foreign currency risk**

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company functional currency is the United States dollars and major purchases are transacted in United States dollars. The Company's foreign currency risk arises primarily with respect to its loan is denominated in CNY.

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

*This section and other parts of this Quarterly Report on Form 10-Q (“Form 10-Q”) contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. For example, statements in this Form 10-Q regarding the potential future impact of the COVID-19 pandemic on the Company’s business and results of operations are forward-looking statements. Forward-looking statements can also be identified by words such as “future,” “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “will,” “would,” “could,” “can,” “may,” and similar terms. Forward-looking statements are not guarantees of future performance and the Company’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the “2021 Form 10-K”) under the heading “Risk Factors.” The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.*

*Unless otherwise stated, all information presented herein is based on the Company’s fiscal calendar, and references to particular years, quarters, months or periods refer to the Company’s fiscal years ended in September and the associated quarters, months and periods of those fiscal years. Each of the terms the “Company” and “Harmony” as used herein refers collectively to Harmony Energy Technologies Corporation, and its wholly owned subsidiary, unless otherwise stated.*

*The following discussion should be read in conjunction with the 2021 Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) and the condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Form 10-Q.*

### **Available Information**

The Company periodically provides certain information for investors on its corporate website, [www.hetcusa.com](http://www.hetcusa.com). This includes press releases and other information about financial performance, information on environmental, social and corporate governance matters, and details related to the Company’s annual meeting of shareholders. The information contained on the websites referenced in this Form 10-Q is not incorporated by reference into this filing. Further, the Company’s references to website URLs are intended to be inactive textual references only.

### **Quarterly Highlights**

#### *COVID-19 Update*

The COVID-19 pandemic has had, and continues to have, a significant impact around the world, prompting governments and businesses to take unprecedented measures. The COVID-19 pandemic has at times significantly curtailed global economic activity and caused significant disruption in global supply chains. The COVID-19 pandemic and the measures taken by many in response have affected and could in the future materially impact the Company’s business, results of operations and financial condition.

During the first quarter of 2022, aspects of the Company’s business continued to be affected by the COVID-19 pandemic. At times, certain of the Company’s component suppliers and logistical service providers have experienced disruptions, resulting in business and product development delays.

The extent of the continuing impact of the COVID-19 pandemic on the Company’s operational and financial performance is uncertain and will depend on many factors outside the Company’s control, including the timing, extent, trajectory and duration of the pandemic, the emergence of new variants, the development, availability, distribution and effectiveness of vaccines and treatments, the imposition of protective public safety measures, and the impact of the pandemic on the global economy and demand for consumer products. Refer to Part I, Item 1A of the 2021 Form 10-K under the heading “Risk Factors” for more information.

After many delays due to the COVID-19 Pandemic, the Company finally switched the focus to Trial Sales from Trial Production. During this quarter, the Company first arranged 6 pieces of its Power Station for certain users for testing. And the Company arranged the first shipment of 24 pieces of its Power Station into the US as the inventory for Trial Sales.

## RESULTS OF OPERATIONS

During the three months period ended March 31, 2022, the Company's selected financial information as the following. All the data is presented in United States dollars.

### FINANCIAL POSITION ANALYSIS

The information presented as of March 31, 2022, December 31, 2021 and 2020 represents the information of Harmony Energy Technologies Corporation.

	March 31, 2022	December 31, 2021	December 31, 2020
Assets	153,963	224,341	265,881
Liabilities	759,042	788,557	879,788
Equity	(605,079)	(564,216)	(613,907)

### ASSETS

The total assets on March 31, 2022 were \$153,963 compared to \$224,341 on December 31, 2021, a decrease of \$70,378. During the three months period ended March 31, 2022, the cash on hand and prepaid expense decreased \$65,558 and \$5,254, respectively.

### LIABILITIES

Total liabilities on March 31, 2022 were \$759,042 while \$788,557 on December 31, 2021, the decrease of \$29,515 were mainly because the Company increased accounts payable and accrued liability of \$42,081, which was offset by the decrease of 71,596 of loan payable and loan from related parties. In February 2022, one of lender waived all the accrued interest of \$84,968 (CNY540,000) and lower the loan payable.

### EQUITY

Total equity on March 31, 2022 was deficit of \$605,079 compared to deficit of \$564,216 on December 31, 2021, a decrease of \$40,863, which was mainly by the net loss of \$40,394 during the three months period ended March 31, 2022.

## OPERATING RESULTS ANALYSIS

Readers are invited to take into consideration of the operation results of Harmony for the three months periods ended March 31, 2022 and 2021.

	Three-month periods ended	
	March 31, 2022	March 31, 2021
Cost of goods sold	-	(5,398)
<b>Gross Profit</b>	-	(5,398)
<b>Operating Expenses</b>		
Research and development	(15,304)	(8,805)
Professional and management fees	(67,373)	(46,886)
Office and general	(19,971)	(23,279)
Stock based compensation	-	(2,000)
Depreciation	(149)	(4,155)
Financial expenses	63,628	(31,392)
Total Operating Expenses	(39,169)	(116,517)
<b>Operating Income (Loss)</b>	<b>(39,169)</b>	<b>(121,915)</b>
Other Income (Expenses)		
Interest income	-	512
Foreign exchange loss	(1,225)	(2,761)
<b>Loss, Net of Income Tax</b>	<b>(40,394)</b>	<b>(124,164)</b>
Foreign currency translation differences of foreign operations	(469)	1,804
<b>Net Loss and Other Comprehensive Loss</b>	<b>(40,863)</b>	<b>(122,360)</b>
Basic net income per share	(0.002)	(0.01)
Weighted average number of common shares outstanding	19,780,079	11,037,635

The above net loss for three months period ended March 31, 2022 and 2021 is composed as the following:

### *Sales revenue and gross margin*

The company has not been able to generate any meaningful sales revenue during the three months period March 31, 2022 and 2021, which the Company spent \$5,398 for the sample testing.

### *Research and development*

For the three-month periods ended March 31, 2022 and 2021, the Company incurred R&D expenditures \$15,304 and \$8,805, respectively, including the salaries of researchers and materials.

### *Administrative expenses, professional and management fee*

Comparing the two comparable periods of the three months period ended March 31, 2022 and 2021, the Company decreased administrative expenses of \$3,308, which major caused from increased salary expenditure which offset by decrease of the office rental. The detailed administrative expenses were presented in the following table.

	Three months period ended	
	March 31, 2022	March 31, 2021
Salaries and benefits expenses	12,537	8,806
Office rent and related expenses	4,298	11,289
Transfer agent fee	2,686	2,533
Regulatory fee	450	225
Others	-	426
Total	<b>19,971</b>	<b>23,279</b>

### **Financial expenses**

During the three months period ended March 31, 2022 and 2021, the Company accrued \$21,745 for the 4 unsecured loan agreements with accumulate principal of \$576,611, which the interest expense was offset by the interest waived of \$84,968 by one of the lender; The Company accrued \$31,262 interest expense for the 5 unsecured loans with accumulate principal of \$618,384 during the three months period ended March 31, 2021.

### **Non-operation item**

During the three months ended December 31, 2021, the Company accrued interest income of \$498 for the short-term unsecured loans agreement with Golden Share and received a full payment in February 2021.

### **Other comprehensive income (loss)**

The other comprehensive income (loss) records the unrealized foreign exchange gain (loss) resulted from translating Smarten's financial data into US dollars. During the three months period ended March 31, 2022, the Company recorded \$469 foreign exchange loss due to the unfavorable shift in foreign exchange rate.

### **CASH FLOW ANALYSIS**

	Three months period ended	
	March 31, 2022	March 31, 2021
Operating activities	(65,558)	(68,567)
Investing activities	-	44,025
Financing activities	-	7,200

### **Operating Activities**

During the three months period ended March 31, 2022, the operating activities used cash flows of \$65,558 and ,, compared to \$68,567 for the comparable periods in 2021. The cash was spent for the general operation activities and R&D.

### **Investing Activities**

During the three-month period ended March 31, 2021, the Company received full loan payment as \$44,025, which the Company did not have any investing activity during the three months period ended March 31, 2022.

### **Financing Activities**

During the three-month period ended March 31, 2021, the Company received \$20,000 cash from private placement at \$0.10 per unit, which was offset by the lease payment of \$12,800, while the Company did not have any financing activity during the three months period ended March 31, 2022.

### **QUARTERLY RESULTS TREND (IN THOUSANDS OF \$)**

The following table presented the operating results for each of the last eight quarters. Management considers that the information for each of those quarters was determined in the same way as for our audited financial statements for the year ended December 31, 2021.

	2022		2021			2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	40
Net loss and other comprehensive loss	(41)	(278)	(332)	(110)	(122)	(279)	(164)	(114)
Basic and diluted net loss per common share	-	(0.01)	(0.02)	(0.01)	(0.01)	(0.05)	(0.03)	(0.02)

## LIQUIDITY, CAPITAL RESOURCES AND SOURCES OF FINANCING

The Company has operating losses currently. To date, the Company has been financed primarily through private placements and unsecured loans.

As of March 31, 2022, the Company had a cash position of \$53,799 and the Company has a deficit working capital of \$607,066. The Company believes it will not have sufficient liquidity to fund its operations and capital needs for the next 12 months and consequently intends to raise capital to generate cash in sufficient amounts to meet its planned business objectives, while the Company does not have any commitments.

## INFORMATION ON OUTSTANDING SECURITIES

The following table sets out the number of common shares and warrants outstanding as of the date hereof:

Common shares issued and outstanding	19,780,079
Potential issuance of common shares	
Warrants	4,581,880
Stock options	-
<b>Fully diluted shares</b>	<b>24,361,959</b>

## RELATED PARTY TRANSACTIONS

The Company has not entered into any other related party transaction except the disclosure in Note 9 of the interim condensed consolidated financial statements for the three months period ended March 31, 2022.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The Company prepares its financial statements in accordance with US GAAP, which require management to make estimates and assumptions that affect the amounts of its assets and liabilities, the information provided with regard to future assets and liabilities as well as the amounts of revenues and expenses for the relevant periods. Readers are invited to refer to the Note 4 of the financial statements for the year ended December 31, 2021 for details.

## FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the Financial Accounting Standards Board (FASB) but are not yet effective and have not been adopted early by the Company.

Management anticipates that all the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Readers are invited to refer to the financial statements for the year ended December 31, 2021 for a full description of these new standards.

## GOING CONCERN ASSUMPTION

The Company's financial statements were prepared according to the US GAAP and under the going concern assumption. They do not reflect adjustments that should be made to the book value of assets and liabilities, the reported amounts of income and expenses and the classification of balance sheet postings if the going concern assumption was unfounded. These adjustments could be important.

## **RISKS RELATED TO FINANCIAL INSTRUMENTS**

Capital market conditions and other unforeseeable events may impact the Company's ability to finance and develop its projects.

The Company intends to continue the evaluation and development of its energy business subject to the availability of financing on acceptable terms. The Company intends to finance these activities either through existing financial resources or through additional equity or quasi-equity financing. However, there can be no assurance that the Company will be able to raise such additional equity.

All filings we make with the Securities and Exchange Commission ("SEC"), Additional information on the Company can be found on EDGAR of the Securities and Exchange Commission ([www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml)).

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to the Company's market risk during the first three months of 2022. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of the 2021 Form 10-K.

### **Item 4. Controls and Procedures**

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

Based on an evaluation under the supervision and with the participation of the Company's management, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") were effective as of March 26, 2022 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

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

There were no changes in the Company's internal control over financial reporting during the first quarter of 2022, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II — OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, we may become involved in legal proceeding or be subject to claims arising in the ordinary course of our business. As of this Form 10-Q, we are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows.

#### **Item 1A. Risk Factors**

The Company's business, reputation, results of operations and financial condition can be affected by a number of factors, whether currently known or unknown, including those described in Part I, Item 1A of the 2021 Form 10-K under the heading "Risk Factors." When any one or more of these risks materialize from time to time, the Company's business, reputation, results of operations and financial condition can be materially and adversely affected. There have been no material changes to the Company's risk factors since the 2021 Form 10-K.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

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

None.



**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

31.1\* [Rule 13a-14\(a\) / 15d-14\(a\) Certification of Chief Executive Officer.](#)

31.2\* [Rule 13a-14\(a\) / 15d-14\(a\) Certification of Chief Financial Officer.](#)

32.1\* [Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer.](#)

101\*\* Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.

104\*\* Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.

\*Filed herewith.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

May 12, 2022

Harmony Energy Technologies Corporation

By: /s/ Nick Zeng

Nick Zeng  
Chief Executive Officer

**Exhibit 31.1**

**Quarter ended March 31, 2022**  
**Rule 13a-14(a)/15d-14(a) Certifications**  
**CERTIFICATIONS**

I, Nick Zeng, certify that:

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

Date: May 12, 2022

/s/Nick Zeng

Nick Zeng

Chairman & Chief Executive Officer

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**Exhibit 31.2**

Quarter ended March 31, 2022  
Rule 13a-14(a)/15d-14(a) Certifications  
CERTIFICATIONS

I, Demin Huang, certify that:

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

Date: May 12, 2022

*/s/Demin Huang*  
Demin Huang  
Chief Financial Officer

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**Exhibit 32.1**

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nick Zeng, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Harmony Energy Technologies Corporation on Form 10-Q for the period ended March 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Harmony Energy Technologies Corporation at the dates and for the periods indicated.

Date: May 12, 2022

*/s/Nick Zeng*

\_\_\_\_\_  
Nick Zeng

Chairman & Chief Executive Officer

I, Demin Huang, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Harmony Energy Technologies Corporation on Form 10-Q for the period ended March 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Harmony Energy Technologies Corporation at the dates and for the periods indicated.

Date: May 12, 2022

*/s/Demin Huang*

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Demin Huang

Chief Financial Officer

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

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