HARMONY ENERGY TECHNOLOGIES CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021

AS OF NOVEMBER 25, 2021

SCOPE OF MD&A AND NOTICE TO INVESTORS

The following management discussion and analysis of the financial position and results of operations ("MD&A") should be read in conjunction with the unaudited interim condensed consolidated financial statements of Harmony Energy Technologies Corporation ("Harmony" or "Company") for the three-month and nine-month periods ended September 30, 2021.

This MD&A is prepared as of November 25, 2021 and complements unaudited interim condensed consolidated financial statements of the Company for the three-month and nine-month periods ended September 30, 2021.

All financial information has been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP") on a going concern, which assumes that Harmony is able to raise additional fund to further develop the energy business and will realize its assets and discharge its liabilities in the ordinary course of business. All amounts are in United States dollars unless otherwise indicated. Additional information is provided in the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2021.

The unaudited interim condensed consolidated financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on November 25, 2021. These documents and more information about the Company are available on SEDAR (www.sedar.com).

FORWARD-LOOKING STATEMENTS

Certain statements made in this MD&A are forward-looking statements or information. The Company is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Company. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results include, but are not limited to: the risks could be adapted to the energy storage industry, examples: instability in market prices of metals, foreign currency exchange rate, poorly estimated reserves, risks to the environment (more stringent regulations), battery technologies conditions, regulation and government policy changes (laws or policies), failure to obtain necessary permits and approvals from government authorities, future capital requirements; intellectual property protection and infringement risks; competition; reliance on key management personnel and the other risks factors summarized below under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

CORPORATE OVERVIEW

Harmony Energy Technologies Corporation ("Harmony" or "Company") is an American start-up engaging in energy storage business development. Harmony's registered office is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware, USA 19808. The Company's common shares are not listed or quoted on any market at this moment.

On June 19, 2018, Harmony was incorporated in the State of Delaware, USA as a wholly owned subsidiary of Golden Share Resources Corporation ("Golden Share"). Golden Share is a Canadian publicly traded natural resource company exploring in Ontario, Canada. Since early 2016, Golden Share started to develop a business unit for energy storage, initially mainly for vanadium-based technology and later expanded into lithium ion.

On January 14, 2019, the Company was spun off from Golden Share and simultaneously completed the acquisition of the energy business unit from Golden Share

Since January 1, 2020, the Company obtained the control over Shenzhen Smarten Technology Co., Ltd. ("SmartenCo") and deemed Smarten as a wholly owned subsidiary of the Company. On September 1, 2020, the Company completed the acquisition of SmartenCo.

BOARD OF DIRECTORS AND MANAGEMENT

Harmony's Board of Directors is comprised of four members: Mr. Christian Guilbaud, Mr. Kenneth Charles ("K.C.") Grainger, Mr. Rui Zhu and Mr. Nick Zeng as the Chairman.

The management team includes Mr. Nick Zeng as President and Chief Executive Officer, Mr. Demin (Fleming) Huang as Chief Financial Officer; Mr. Rui Zhu as the General Manager of SmartenCo and Ms. Nan (Nancy) Du as the Technology Officer at SmartenCo

BUSINESS OVERVIEW

The goal at Harmony is to make clean energy sustainable to be able to counter climate change. Climate change is bringing about rising temperatures, which have significant negative impact on humans and the environment. Clean energy is a key solution and transitioning to clean energy sources including solar and wind can help to counter climate change challenge. But many clean energy sources, especial solar and wind, would need to be integrated with energy storage to be more reliable and sustainable. The business development of energy storage is essential to counter climate change.

The business the Company is in development provides an enormous potential to make a better life for people and to reward the shareholders as well.

Harmony is focusing on lithium-ion technology, while the Company is also in the development of vanadium-based energy storage technologies including but not limited to the Vanadium Redox Flow Battery ("VRFB"). Harmony is of the view that lithium-ion battery technology is more suitable for personal and residential applications, and VRFB would be more suitable for stationary grid applications.

Lithium-Ion

Smarten Power Station ("Smarten") is in trial production and scheduled for orders delivery. Smarten has received intendent third party certifications, such as RoHS, FCC, PSE, MSDS, etc. and the product is met the UN38.3 standard and can be transported by sea and land or aircraft with certain limits.

While the Company has been scaling up the production for Smarten, there are other two product lines are in consideration for development.

Vanadium-Based

A reliable and cost-effective long duration energy storage technology is a pivotal role in clean energy industry. Emerging vanadium-based technologies, especial Vanadium Redox Flow Battery ("VRFB"), have been attracting attentions. The future of VRFB is interestingly bright, however, the Company thinks that VRFB still requires a few of break-through developments. Energy density need to be increased, operating temperature range need to be improved to be wider, and more importantly, costs need to be reduced. The Company's strategy is to remain fully engaged in this exciting nascent industry while optimizing use of the Company's limited financial and management resources as a start-up.

VRFB is a type of rechargeable flow battery that employs vanadium ions in different oxidation states to store potential chemical potential energy. After enormous research and developments since the1980s, the VRFB is regarded as a mature technology in flow battery technologies.

Compared with lithium-ion, VRFB offers the two main desirable characteristics including extremely long-life cycles and safety. VRFB's main drawback is a relatively low energy density. The heavy weight therefore limits applications, but still might be well-suited to stationary grid applications.

SELECTED FINANCIAL INFORMATION

During the nine-month period ended September 30, 2021, 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 September 30, 2021 and December 31, 2020 represents the information of Harmony Energy Technologies Corporation.

	September 30, 2021	December 31, 2020	December 31, 2019
Assets	366,428	265,881	257,325
Liabilities	734,487	879,788	162,374
Equity	(368,060)	(613,907)	94,951

ASSETS

The total assets on September 30, 2021 were $366,428 compared to $265,881 on December 31, 2020, an increase of $100,547. During the nine-month period ended September 30, 2021, the Company increase cash on hand of $167,553, prepaid expenses of $20,419 and inventory of $13,221, which was offset by the loan repayment of $43,528 from Golden Share and decreased right of use asset of $38,660.

During the nine-month period ended September 30, 2021, the company disposed of the acquired equipment of SmartenCo to one of the lenders for $31,024 (CNY200,000) and offset the balance of the outstanding loan. This disposal generated a gain of $15,679.

LIABILITIES

Total liabilities on September 30, 2021 were $734,487 while $879,788 on December 31, 2020, the decrease of $145,301 were mainly because the Company settled a loan payable of $154,612 (CNY1,000,000) by issuing 1,546,120 share common stocks of the Company and decrease of $39,385 of lease liability. The decrease was offset by the increased accounts payable and accrued liability of $31,046.

EQUITY

Total equity on September 30, 2021 was deficit of $368,060 compared to $613,907 on December 31, 2020, an increase of $245,847. The Company raised $358,188 through private placement at $0.10 per unit and issued 2,126,120 shares and 2,390,000 shares for share for debt settlement and stock compensation at $0.10 per share (please refer to note 5 of the financial statements for more details), which was offset by the increased net loss of $561,843.

OPERATING RESULTS ANALYSIS

Readers are invited to take into consideration of the operation results of Harmony for the three-month and nine-month periods ended September 30, 2021 and 2020.

	Three-month periods ended		Nine-month periods ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue	6,652	252	6,652	47,384
Cost of goods sold	-	(192)	(5,408)	(36,260)
Gross Profit	6,652	59	1,244	11,124
Operating Expenses				
Energy license related expenditures	(210)	(3,712)	(210)	(4,435)
Research and development	(10,634)	(42,795)	(28,276)	(108,028)
Administrative expenditures	(81,604)	(80,598)	(214,398)	(216,075)
Stock based compensation	(234,000)	-	(239,000)	-
Depreciation	(1,421)	(4,929)	(9,747)	(14,539)
Financial expenses	(27,822)	(10,383)	(88,728)	(19,087)
Acquisition costs	-	-	-	(580,965)
Total Operating Expenses	(355,690)	(142,416)	(580,358)	(943,129)
Operating Income (Loss)	**(349,038)**	**(142,357)**	**(579,114)**	**(932,005)**
Non operation item	16,759	(5,513)	17,271	11,458
Loss, Net of Income Tax	**(332,279)**	**(147,870)**	**(561,843)**	**(920,547)**
Other Comprehensive loss	731	(16,013)	(2,110)	(16,502)
Net Loss and Other Comprehensive Loss	**(331,548)**	**(163,883)**	**(563,953)**	**(937,049)**
Basic net income per share	(0.02)	(0.03)	(0.05)	(0.16)

The above net loss for three-month and nine-month periods ended September 30, 2021 and 2020 is composed as the following:

Sale revenue and gross margin

The Company's sale revenue and gross margin was generated through SmartenCo. The Company received $6,652 revenue during the nine-month period ended September 30, 2021, while the Company received $47,384 revenue during the comparable period in 2020.

Research and development

For the three-month and nine-months periods ended September 30, 2021, the Company incurred R&D expenditures $10,634 and $28,276, respectively, including the salaries of researchers and materials, while the Company spent $42,795 and $108,028 during the three-month and nine-month periods ended September 30, 2020.

Administrative expenses

Compared the two comparable periods of the three-month and nine-month periods ended September 30, 2021 and 2020, the Company decreased administrative expenses of $1,677, which major caused from decreased accrued auditing fee, which was offset by increased office rental and salary expenditure. The detail administrative expenses were presented in the following table.

	Three-month periods ended		nine-month periods ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Management fees	18,000	18,000	54,000	54,000
Professional service fees	17,001	41,758	63,662	85,758
Salaries and benefits expenses	17,676	7,962	35,318	23,604
Office rent and related expenses	21,160	4,136	43,841	33,939
Transfer agent fee	6,758	7,281	12,486	12,458
Regulatory fee	1,456	1,448	5,076	6,303
Others	(447)	13	15	13
	81,604	**80,598**	**214,398**	**216,075**

Stock based compensation
During the nine-month periods ended September 30, 2021, the Company issued 2,000,000 share common stock, in lieu of cash consideration at a price of $0.10 per share, for retainer bonus of $200,000 to the CEO, and a director who works as General Manager of Smarten. The Company issued 390,000 shares of common stock at $0.10 per share for stock compensation of $39,000

Financial expenses
During the three-month and nine-month periods ended September 30, 2021, the Company accrued $26,573 and $79,735 for the 5 unsecured loan agreements with accumulate principal of $567,542 (CNY3,658,732), respectively, please refer to note 10 and 12 of the financial statement for more details. The Company accrued $18,652 (RMB 130,480) interest expense for the 6 unsecured loans with accumulate principal of $245,121 (RMB1,664,500) during the nine-month period ended September 30, 2020.

Acquisition costs
On November 6, 2019, the Company entered into an agreement to acquire 100% ownership of SmartenCo. According to the agreement, the Company issued 1,800,000 common shares and paid Chinese Yuan ¥2,000,000 (US$287,280).

On January 1, 2020, which was determined as the acquisition date, the Company obtained control over SmartenCo and SmartenCo started to operate as the wholly owned subsidiary since then. On September 1, 2020, the Company completed the acquisition. The difference between the payment and the purchase price allocation was recorded as acquisition costs. Please refer to the note 6 of the financial statement for details.

Non-operation item
During the nine-month periods ended September 30, 2020, the Company renewed the short-term unsecured loans agreement with Golden Share and totalling principal of US$43,527, the unsecured loans bear interest at 1% monthly. The Company has received a full payment of $44,025 in February 2021. During the nine-month period ended September 30, 2021, the Company accrued interest income of $498 (2020 - $11,846) for loan. The interest income was offset by the loss foreign exchange.

During the nine-month period ended September 30, 2021, the company disposed all the acquired equipment of SmartenCo to one of the lenders for $31,024 (CNY200,000) and offset the outstanding balance of the loan. The disposal generated a gain of $15,679.

Other comprehensive income (loss)
The other comprehensive income (loss) records the unrealized foreign exchange gain (loss) resulted from translating SmartenCo's financial data into US dollars. During the three-month and nine-month periods ended September 30, 2021, the Company recorded $731 foreign exchange gain and $2,110 foreign exchange loss due to the unfavourable shift in foreign exchange rate.

CASH FLOW ANALYSIS

	September 30, 2021 (3 months)	September 30, 2020 (3 months)	September 30, 2021 (9 months)	September 30, 2020 (9 months)
Operating activities	(96,438)	(81,962)	(194,259)	(186,346)
Investing activities	(1,631)	51,896	42,394	73,660
Financing activities	225,348	29,715	319,072	108,438

Operating Activities
During the three-month and nine-month periods ended September 30, 2021, the operating activities used cash flows of $96,438 and 194,259, respectively, compared to $81,962 and $186,346 for the comparable periods in 2020. The cash was spent for the general operation activities and R&D.

Investing Activities
During the nine-month period ended September 30, 2021, the Company received full loan payment as $44,025 and purchased new equipment of $1,631, while the Company received partial loan payment as $73,128, purchased new equipment of $971 and including $1,503 cash from SmartenCo in comparable period in 2020.

Financing Activities
During the nine-month period ended September 30, 2021, the Company received $358,188 cash from private placement at $0.10 per unit, which was offset by the lease payment of $38,486, while the Company received $140,617 loan from arm-length creditors and paid $32,179 for the office lease during the nine-month period ended September 30, 2020.

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, 2020.

	2021			**2020**				**2019**
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	7	-	-	-	-	40	7	-
Net loss and other comprehensive loss	(332)	(110)	(122)	(279)	(164)	(114)	(659)	(78)
Basic and diluted net loss per common share	(0.02)	(0.01)	(0.01)	(0.05)	(0.03)	(0.02)	(0.11)	(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 September 30, 2021, the Company had a cash position of $231,543 and the Company has a deficit working capital of $369,658. 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	18,940,079
Potential issuance of common shares	
Warrants	4,681,880
Fully diluted shares	**23,621,959**

RELATED PARTY TRANSACTIONS

The Company has not entered into any other related party transaction except the disclosure in Note 12 of the unaudited interim condensed consolidated financial statements for the three-month and nine-month period ended September 30, 2021.

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, 2020 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, 2020 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.

Additional information of the Company can be found on SEDAR (www.sedar.com).