

Kalon Acquisition Corp.
Management Discussion and Analysis
For the Period Ended January 31, 2021

March 31, 2021

The following management discussion and analysis ("MD&A") of the results of the operations and financial position of Kalon Acquisition Corp. (the "Corporation" or "Kalon") for the period ended January 31, 2021 should be read in conjunction with the Corporation's unaudited financial statements for the three and six month periods ended January 31, 2021. All figures contained in this MD&A are presented in Canadian dollars.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Corporation

Kalon Acquisition Corp. was incorporated under the *British Columbia Business Corporations Act* on April 3, 2019 and is classified as a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange") Corporate Finance Manual (the "Manual"). The head office and the registered head office of the Company is located at 885 West Georgia Street, Suite 2200, Vancouver, BC V6C 3E8.

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT") as such term is contemplated in the Manual. The Company has not commenced operations and has no assets other than cash held in trust and prepaid expenses. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange. The Corporation is required to complete its QT on or before two years from the date the Corporation's shares were first listed on the Exchange.

During the period ended July 31, 2019, the Corporation issued 6,780,000 common shares at \$0.05 per share for gross proceeds of \$339,975. Share issuance costs of \$3,000 were associated with these issuances.

On June 29, 2020, the Corporation completed its Initial Public Offering (“IPO”) of 4,000,000 common shares at \$0.10 per share for total proceeds of \$400,000. The Corporation paid a commission of 10% of gross proceeds to Haywood Securities Inc. (the “Agent”) , and granted the Agent warrants to acquire 10% of the common shares issued in the offering exercisable for a period ending twenty-four months from the date the Corporation’s common shares are listed on the TSX Venture Exchange, exercisable at \$0.10 per share. The Corporation also paid a corporate finance fee and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. Cash issuance costs of \$73,633 were associated with these issuances and the value attributed warrants granted to the Agent is \$20,876.

The Corporation’s common shares commenced trading on the TSX Venture Exchange under the trading symbol “KAC.P” on June 29, 2020.

The Corporation granted stock options to officers and directors to collectively acquire 1,078,000 of the outstanding common shares of the Corporation at an exercise price of \$0.10 per share and expiring ten years from the date of grant.

On March 31, 2021, the Board of Directors approved the unaudited financial statements for the three and six month periods ended January 31, 2021.

Summary of Quarterly Results

	January 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020
Total Assets	\$491,616	\$504,400	\$521,379	\$237,121
Total Revenues	nil	nil	nil	nil
Total Expenses	\$16,833	\$3,313	\$109,269	\$28,944
Net Loss	\$(16,833)	\$(3,313)	\$(109,269)	\$(28,944)
Basic and diluted net loss per share	\$(0.00)	\$(0.00)	\$(0.31)	\$(-)

Results of Operations

Three month period ended January 31, 2021

The Corporation recorded a net loss of \$16,833 (2019 - \$25,931) during the three month period ended January 31, 2021. The net loss for the three month period ended January 31, 2021 is due mainly to professional and legal fees.

Six month period ended January 31, 2021

The Corporation recorded a net loss of \$20,146 (2019 - \$61,754) during the six month period ended January 31, 2021. The net loss for the six month period ended January 31, 2021 is due mainly to listing, professional and legal fees.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred from the date of incorporation (April 3, 2019) to January 31, 2021:

Material Costs	Period from the date of incorporation (April 3, 2019) to January 31, 2021:
Listing fees	\$35,847
Bank charges	\$989
Professional fees	\$141,989
Stock-based compensation	\$79,644

Liquidity and Capital Resources

As at January 31, 2021, the Corporation had cash of \$441,116 (2019 - \$282,902), current liabilities of \$7,099 (2019 - \$58,537) and working capital of \$484,517 (2019 - \$224,365).

Negative cash flows of \$80,263 (2019 - \$35,722) were recorded from operating activities during the six month period ended January 31, 2021. This is primarily due to outflows relating to listing fees, legal fees and deferred offering costs.

Outstanding Share Data

As of the date of this MD&A, 10,780,000 common shares are issued and outstanding.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow. 6,780,000 shares have been escrowed at January 31, 2021.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

Off-Balance Sheet Arrangements

The Corporation has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions

There was no remuneration paid to key management personnel during the six month period ended January 31, 2021 and no other related party transactions have occurred during this period.

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

Risks and Uncertainties

The following describes certain risks, events and uncertainties that could affect the Company and that each reader should carefully consider. Please refer to the Company's final prospectus dated January 31, 2021 for additional risks, events and uncertainties that could affect the Company.

External financing may be required to fund the Company's activities primarily through the issuance of common shares. There can be no assurance that the Company will be able to obtain adequate financing. The securities of the Company should be considered a highly speculative investment.

The Company has not generated significant revenues and does not expect to generate significant revenues in the near future. In the event that the Company generates significant revenues in the future, the Company

intends to retain its earnings in order to finance further growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash and accounts payable and accrued liabilities approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Additional Information

For further detail, see the Corporation's unaudited condensed interim financial statements for the three and six month period ended January 31, 2021. Additional information about the Corporation can also be found on SEDAR.