Kalon Acquisition Corp.

(A Capital Pool Corporation)

Unaudited Condensed Interim Financial Statements

For the Three and Nine Month Periods Ended April 30, 2021

(In Canadian Dollars)

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

Kalon Acquisition Corp.
Unaudited Condensed Interim Statements of Financial Position
As at April 30, 2021 and July 31, 2020
(in Canadian Dollars)

	April 30, 2021	July 31, 2020
Assets		
Cash	**$ 423,829**	$ 521,379
Prepaid expenses	**50,500**	-
	$ 474,329	$ 521,379
Liabilities		
Accounts payable and accrued liabilities	**$ 1,090**	$ 16,716
Shareholders' Equity		
Share capital, net of issuance costs (Note 3)	**642,466**	642,466
Contributed surplus	**100,520**	100,520
Accumulated Deficit	**(269,747)**	(238,323)
	473,239	504,663
	$ 474,329	$ 521,379

Approved by the Board **Mudit Paliwal** CEO (**Signed**) **Andrew Benjamin** CFO (**Signed**)

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

Kalon Acquisition Corp.
Unaudited Condensed Interim Statements of Loss and Comprehensive Loss
For the Three and Nine Month Periods Ended April 30, 2021
(in Canadian Dollars)

	For the Three Month Period Ended April 30, 2021	For the Three Month Period Ended April 30, 2020	**For the Nine Month Period Ended April 30, 2021**	For the Nine Month Period Ended April 30, 2020
Expenses				
Listing fees	**$ 6,364**	9,400	**7,586**	22,552
Bank charges	**133**	-	**468**	91
Professional fees	**4,782**	19,544	**23,370**	22,230
Net loss and comprehensive loss for the period	**(11,279)**	(28,944)	**(31,424)**	(90,698)
Net loss per share – basic and diluted	**(0.00)**	-	**(0.01)**	-
Weighted average number of shares outstanding – basic and diluted	**4,000,000**	-	**4,000,000**	-

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

Kalon Acquisition Corp.
Unaudited Condensed Interim Statements of Cash Flows
For the Nine Month Period Ended April 30, 2021
(in Canadian Dollars)

		Nine month period ended April 30, 2021	Nine month period ended April 30, 2020
Cash provided by (used in)			
Operating			
Net loss for the period	**$**	**(31,424)**	(90,698)
Change in accounts payable and accrued liabilities		**(15,626)**	9,195
Change in deferred offering costs		**-**	(12,500)
Change in prepaid expenses		**(50,500)**	-
Cash Used in Operating Activities		**(97,550)**	(94,003)
Net change in cash		**(97,550)**	(94,003)
Cash beginning of period		**521,379**	318,624
Cash end of period	**$**	**423,829**	224,621

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

Kalon Acquisition Corp.
Unaudited Condensed Interim Statements of Changes in Shareholders' Equity
For the Three and Nine Month Periods Ended April 30, 2021
(in Canadian Dollars)

	Number of shares		Share capital		Accumulated Deficit		Shareholders' Equity
Balance, July 31, 2019	**6,780,000**	**$**	**336,975**	**$**	**(38,356)**	**$**	**298,619**
Net loss for the period	-		-		(90,698)		(90,698)
Balance, April 30, 2020	**6,780,000**	**$**	**336,975**	**$**	**(129,054)**	**$**	**207,921**

	Number of shares		Share capital		Contributed Surplus		Accumulated Deficit		Shareholders' Equity
Balance, July 31, 2020	**10,780,000**	**$**	**642,466**		**$100,520**	**$**	**(238,323)**	**$**	**504,663**
Net loss for the period	-		-		-		(31,424)		(31,424)
Balance, April 30, 2021	**10,780,000**	**$**	**642,466**	**$**	**100,520**	**$**	**(269,747)**	**$**	**473,239**

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

1. INCORPORATION AND NATURE OF BUSINESS

Kalon Acquisition Corp. (the "Corporation") was incorporated under the *British Columbia Business Corporations Act* on April 3, 2019 and is a Capital Pool Corporation as defined under Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

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 receives regulatory approval.

The head office and the registered head office of the Corporation is located at 885 West Georgia Street, Suite 2200, Vancouver, BC V6C 3E8.

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

On June 29, 2021, the Board of Directors approved the financial statements for the Three and Nine Month Periods Ended April 30, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited interim condensed financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities. These unaudited condensed interim financial statements are presented in Canadian dollars, which is the company's functional and presentation currency.

(in Canadian Dollars)

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those applied by the Company in audited financial statements for the year ended July 31, 2020 and for the Period from the Date of Incorporation (April 3, 2019) to July 31, 2019.

3. SHARE CAPITAL

Authorized Unlimited common shares

Issued	**#**		**$**
6,780,000 common shares (i)	**6,780,000**	**$**	**339,975**
4,000,000 common shares (ii)	**4,000,000**		**400,000**
Cash issuance costs	**-**		(76,633)
Agent warrants issuance costs	**-**		(20,876)
Balance, July 31, 2020 and April 30, 2021	**10,780,000**	**$**	**642,466**

(i) Escrowed Shares

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.

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 April 30, 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.

(ii) Initial Public Offering

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 were $20,876.

3. SHARE CAPITAL – continued

Options

(in Canadian Dollars)

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and are exercisable as determined by the Directors when the option is granted. Options expire within 90 days of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions.

Th following table reflects the continuity of stock options and warrants:

	Number of Stock Options and Warrants	Weighted Average Exercise Price ($)
Granted to agent (i)	400,000	$0.10
Granted to management (ii)	1,078,000	$0.10
Balance, July 31, 2020 and April 30, 2021	**1,478,000**	**$0.10**

i. On June 29, 2020 the Corporation granted 400,000 warrants to the Agent, which are exercisable within two years from the date of grant at an exercise price of $0.10 per share. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: share price of $0.10, dividend yield 0%, risk-free interest rate of 0.29%, expected volatility of 100% and an expected life of two years. The value attributed to these warrants was $20,876.

ii. On June 29, 2020, the Corporation granted 1,078,000 options to directors and officers which vested immediately upon completion of the IPO. The options are exercisable within 10 years from the date of grant at an exercise price of $0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: share price of $0.10, dividend yield 0%, risk-free interest rate of 0.36%, expected volatility of 100% and an expected life of five years. The value attributed to these options was $79,644.

3. SHARE CAPITAL – continued

Options – continued

The following table reflects the actual stock options and warrants issued and outstanding as of April 30, 2021:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Stock Options and Warrants Outstanding	Number of Stock Options and Warrants Vested (Exercisable)
June 29, 2022	$0.10	1.16	400,000	400,000

(in Canadian Dollars)

June 29, 2030	$0.10	9.17	1,078,000	1,078,000
	$0.10	**7.00**	**1,478,000**	**1,478,000**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 and accumulated 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.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash, 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.

5. RELATED PARTY TRANSACTIONS

There was no remuneration paid to key management personnel during the period ended April 30, 2021 and no other related party transactions have occurred during this period.