

Harmony Acquisitions Corp.
Management Discussion and Analysis
For the three-and six-month period ended December 31, 2023, and 2022

January 24, 2024

The following management discussion and analysis ("MD&A") of the results of the operations and financial position of Harmony Acquisitions Corp. (the "Corporation" or "Harmony") for the three-and six-month period ended December 31, 2023, and 2022. These unaudited condensed interim financial statements were prepared in accordance with International Financial Reporting Standards. The results of operations, business prospects and financial condition of the Company will be affected by certain risk factors described elsewhere in this document. 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

The full corporate name of the Corporation is Harmony Acquisitions Corp. The Corporation was incorporated under the laws of the Province of British Columbia pursuant to the *Business Corporations Act (British Columbia)* under a different name on May 7, 2021. The Corporation changed its name to Harmony Acquisitions Corp. effective June 5, 2021. The registered and head office address of the Corporation is located at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

The Company is classified as a Capital Pool Company ("**CPC**") as defined in Policy 2.4 – *Capital Pool Companies* ("**Policy 2.4**") of the TSX Venture Exchange (the "**Exchange**"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them

or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a Qualifying Transaction as defined in Policy 2.4. If the Company does identify significant assets or a target company with which to complete its Qualifying Transaction, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

Corporate Development

On May 7, 2021, the Company issued 1 common share in the capital of the Company ("**Common Shares**") to the initial incorporator for aggregate gross proceeds of \$1. On June 14, 2021, the Company issued 4,200,000 common shares in the capital of the Company ("**Common Shares**") to members of the Aggregate Pro Group for aggregate gross proceeds of \$210,000.

On November 12, 2021, the Company filed its Final Prospectus for an IPO with the TSX Venture Exchange, to issue a minimum of 2,000,000 common shares in the capital of the Corporation ("**Common Shares**") for gross proceeds of \$200,000 and a maximum of 3,000,000 Common Shares for gross proceeds of \$300,000. (the "**Offering**").

On December 21, 2021, the Company successfully completed its initial public offering ("**Offering**"), raising gross proceeds of \$200,130 pursuant to a prospectus dated November 12, 2021. An aggregate of 2,001,300 common shares in the capital of the Company (the "Shares") were subscribed for at a price of \$0.10 per Common Share. The Corporation paid a commission of 10% of the gross proceeds to Gravitas Securities Inc. (the "Agent") and granted Agent warrants to acquire 10% of the common shares exercisable at \$0.10 per share. The Corporation also paid a corporate finance fee and reimbursed other reasonable expenses incurred pursuant to the offering. Cash issuance costs of \$74,653 were associated with these issuances and the value attributed to warrants granted to the Agent is \$10,446. On December 21, 2023, the warrants expired and the estimated fair value of \$10,446 was reclassified to contributed surplus.

The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction and will continue to incur expenses to fulfil this objective.

On January 24, 2024 the Board of Directors approved the financial statements for the three-and six-month period ended December 31, 2023.

Summary of Quarterly Results

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30,2022	June 30, 2022	March 31, 2022
Total Assets	162,980	172,332	177,369	184,899	201,752	236,648	243,964	266,949
Total Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Expenses/(recovery)	\$9,439	\$6,201	\$28,531	\$16,062	\$18,490	\$1,752	(\$6,197)	\$48,925
Net (Loss)/gain	(\$9,439)	(\$6,201)	(\$28,531)	(\$16,062)	(\$18,490)	(\$1,752)	\$6,197	(\$48,925)
Basic and diluted net loss per share	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.00)	\$(0.00)	\$0.00	\$(0.02)

Results of Operations

Three months ended December 31, 2023

The Corporation recorded a net loss of \$9,439 during the three months ended December 31, 2023, compared to a net loss of \$18,490 for the three months ended December 31, 2022. The net loss for the three months ended December 31, 2023, is mainly due to professional fees, bookkeeping services, regulatory and filing fees and bank fees.

Six months ended December 31, 2023

The Corporation recorded a net loss of \$15,640 during the six months ended December 31, 2023, compared to a net loss of \$20,242 for the six months ended December 31, 2022. The net loss for the six months ended December 31, 2023, is mainly due to professional fees, bookkeeping services, regulatory and filing fees and bank 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 for the three-and six-month period ended December 31, 2023.

Material Costs	For the three-month period ended September 30, 2023	For the period from the date of incorporation to September 30, 2023
Professional fees	\$5,124	\$141,776
Regulatory & filing fees	3,888	59,556
Shared-based compensation	-	45,197
Office and sundry	-	2,596
Banking fees	427	3,983

Liquidity and Capital Resources

As at December 31, 2023, the Company had cash of \$162,980, working capital of \$137,425 (June 30, 2023 - \$153,065), and current liabilities of \$25,555 due within 90 days. Management believes the Company's working capital is sufficient for the Company to meet its ongoing obligations and its objective of completing a Qualifying Transaction.

Negative cash flows of \$14,389 were recorded from operating activities during the six-month period ended December 31, 2023 (December 31, 2022 - \$42,212). This is primarily due to outflows relating to professional fees, regulatory filing fees and sundry related expenses.

Share Capital

The Company is authorized to issue an unlimited number of preferred shares and since inception has issued nil preferred shares.

During the period from May 18, 2021, to June 14, 2021, the Company issued 4,200,000 common shares for proceeds of \$210,000. Of the 4,200,000 shares issued, 2,000,000 were issued to directors and officers of the Company.

On December 21, 2021, the Company successfully completed its initial public offering ("Offering"), raising gross proceeds of \$200,130 pursuant to a prospectus dated November 12, 2021. An aggregate of 2,001,300 common shares in the capital of the Company (the "Shares") were subscribed for at a price of \$0.10 per Common Share. The Corporation paid a commission of 10% of the gross proceeds to Gravitas Securities Inc. (the "Agent") and granted Agent warrants to acquire 10% of the common shares exercisable at \$0.10 per share. The Corporation also paid a corporate finance fee and reimbursed other reasonable expenses incurred pursuant to the offering. Cash issuance costs of \$74,653 were associated with these issuances and the value attributed to warrants granted to the Agent is \$10,446. On December 21, 2023, the warrants expired and the estimated fair value of \$10,446 was reclassified to contributed surplus.

The Company is authorized to issue an unlimited number of preferred shares and since inception has issued nil preferred shares.

All CPC Stock Options and all Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options are subject to escrow under the Escrow Agreement.

In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering as also subject to escrow under the Escrow Agreement.

As of the date of this MD&A, there are 6,201,301 issued and outstanding Common Shares of the Company and nil preferred shares.

Proposed Transactions and off-balance sheet arrangements

The Company has no proposed transactions or off-balance sheet arrangements.

Related Party Transactions

Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. For the six-month period ended December 31, 2023 there were no fees paid to key management of the Company (December 31, 2022 - \$nil).

On December 21, 2021, the Corporation granted 620,000 options to its directors and officers, which are exercisable within ten 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: dividend yield 0%, discount rate 0.28%, expected volatility of 100% and an expected life of ten years. The value attributed to these options was \$55,056.

Critical Accounting Estimates

Critical accounting estimates are those estimates that have a high degree of uncertainty and for which changes in those estimates could materially impact the Company's results. There have been no critical accounting estimates made in the preparation of the unaudited condensed interim financial statements for the three-and six-month period ended December 31 2023.

Financial Instruments

As at December 31, 2023, the Company's financial instruments, consisting of cash, accounts payable, and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management of the Company is also actively involved in the review and approval of planned expenditures.

Risk Factors

The Company is actively trying to complete its Qualifying Transaction and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction.

Until that time, the Company is not permitted to carry on any other business other than the identification and evaluation of potential Qualifying Transactions.

To a certain degree, the Company's success depends upon key members. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of members of management and certain key employees could have a material adverse effect on the Company.

Other Information

Additional information relating to the Company is available under the Company's profile on SEDAR+ at www.sedarplus.ca.