

Management's discussion and analysis of the financial condition  
and results of operations of

## **KURE TECHNOLOGIES, INC.**

Three months ended November 30, 2023 and 2022

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# **KURE TECHNOLOGIES, INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS of the financial condition and results of operations**

(In thousands, except shares and per share amounts)

For the three months ended November 30, 2023 and 2022

January 29, 2024

### **1. INTRODUCTION**

This management's discussion and analysis ("MD&A") of the financial condition and result of operations of Kure Technologies, Inc. ("Kure" or "the Company") is supplementary to and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended November 30, 2023 and 2022.

The Company's unaudited condensed consolidated interim financial statements and the notes thereto have been prepared on the basis of accounting principles applicable to a going concern. This assumes that the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, other than in the normal course of business and at amounts different from those in the financial statements.

Unless specifically stated, the references to "Kure" or "the Company" include the legal entity Kure Technologies, Inc. and its wholly-owned subsidiary, UBS Wireless Services Inc. ("UBS Wireless").

### **2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company. Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and

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uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) financial risk related to short-term investments (including credit risks and reductions in interest rates), (iii) human resources developments, (iv) business integrations and internal reorganizations, (v) process risks, (vi) health and safety, (vii) the outcome of litigation and legal matters, (viii) any prospective acquisitions or divestitures, (ix) other risk factors related to the Company's historic business, and (x) risk factors related to the Company's future operations.

For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see the section entitled "Overview – Significant current events" below.

Therefore, future events and results may vary significantly from what the Company currently foresees. Readers are cautioned that the forward-looking statements and information made by the Company in this MD&A are stated as of the date of this MD&A, are subject to change after that date, are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

### **3. OVERVIEW**

#### **Significant current events**

##### Warrants

On December 19, 2022, the Company issued 546,329 Warrants. Each such Warrant entitled the holder to acquire one common share of the Company at an exercise price of \$0.18 for a period of one year. The Warrants were valued upon issuance at \$21 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of one year, expected dividend yield of 0%, risk free rate of 3.65% and an exercise price of \$0.18.

On December 19, 2023, 546,329 all Warrants issued and outstanding by the Company expired.

##### Short-term loans

During the three months ended November 30, 2023, unsecured demand loans totaling \$27 were extended to the Company at an effective annual interest rate of 12%, of which \$12 was received from related parties (refer also to the section entitled "Related party transactions").

Subsequent to November 30, 2023, additional unsecured demand loans totaling \$18 were extended to the Company from related parties at an effective annual interest rate of 12% (refer also to the section entitled "Related party transactions").

#### **The Company**

Kure Technologies, Inc. is a publicly listed Canadian company, trading on the NEX, which is a separate board of the TSX Venture Exchange, under the symbol KUR.H. Kure's head office is located in Toronto, Ontario.

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### Going concern

The going concern basis of presentation assumes that Kure will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. There is some doubt about Kure's use of the going concern assumption as a result of the Company's accumulated deficit and working capital deficiency as at November 30, 2023. The Company's ability to continue as a going concern is dependent on its ability to obtain additional financing and or achieve profitable operations in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Notwithstanding the above, the Company's unaudited condensed consolidated interim financial statements for the three months ended November 30, 2023 and 2022 have been prepared on a going concern basis and do not include any adjustments to the carrying values and classification of assets and liabilities and reported revenue and expenses that would be necessary if the going concern basis was not appropriate. Such adjustments could be material.

### **Strategy**

The Company's operating strategy is to preserve its cash, explore restructuring opportunities and to market the public company in order to maximize shareholder value.

The Company is currently finalizing its restructuring process to facilitate a promising business opportunity.

## **4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The unaudited condensed consolidated interim financial statements for the three months ended November 30, 2023 and 2022 include the accounts of Kure's wholly owned subsidiary, UBS Wireless. All significant intercompany balances and transactions have been eliminated upon consolidation.

## **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Management's discussion and analysis of operating results and financial condition are made with reference to the Company's unaudited condensed consolidated interim financial statements and notes thereto for the three months ended November 30, 2023 and 2022, which have been prepared in accordance with IFRS. The Company's significant accounting policies are summarized in detail in note 2 of the Company's consolidated annual financial statements for the year ended August 31, 2023.

## **6. RESULTS OF OPERATIONS**

Highlights of the results for the three months ended November 30, 2023 include the following:

- Kure recorded operating losses totaling \$70 (November 30, 2022 - \$68);
- As at November 30, 2023, Kure held cash of \$16 (August 31, 2023 - \$1).

### **Operating expense**

	Three months ended November 30,	
	2023	2022
Compensation	\$ 46	\$ 46
General and administrative	17	10
Total operating expense	\$ 63	\$ 56

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## Compensation

Compensation expense includes mainly wages, consulting fees, salaries and benefits.

During the three months ended November 30, 2023, the Company expensed \$46 in compensation (November 30, 2022 - \$46). A summary of fees is detailed in the section entitled “Related party transactions – Compensation of key management personnel”.

## General and administrative expense

General and administrative expense includes mainly professional fees, board of director fees, general occupancy, and other administrative overheads for the Company. A summary of the general and administrative key components is set out below:

	Three months ended November 30,	
	2023	2022
Professional expenses	\$ 16	\$ 9
Office and general	1	1
Total general and administrative	\$ 17	\$ 10

## Professional fees

Professional fees include mainly corporate legal, audit, accounting, filing fees and general shareholder meeting costs.

During the three months ended November 30, 2023, the Company recorded \$16 in professional fees (November 30, 2022 - \$9). Higher expenses during the first quarter of fiscal 2024 related mainly to annual financial statement filing fees of \$7 included in the total.

## Office and general

Office and general expenses include mainly overhead and miscellaneous expenses.

## Interest, accretion and financing charges

Interest, accretion and financing expense for the three months ended November 30, 2023, totaling \$7 (November 30, 2022 - \$12), arose mainly from unsecured demand loans outstanding, as detailed in the section entitled “Related party transactions –Loans payable”, and accretion on convertible debentures which expired on December 19, 2022.

## Income taxes

As at August 31, 2023, the Company had approximately \$21,994 in non-capital income tax losses with expiry dates between 2027 and 2043, SRED pool carry-forwards of \$3,117 and capital loss carry-forwards of \$25,530.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

## Loss and comprehensive loss

For the three months ended November 30, 2023, the loss and comprehensive loss amounted to \$70 or \$Nil per share basic and diluted, compared to \$68 or \$Nil for the three months ended November 30, 2022.

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## 7. QUARTERLY FINANCIAL RESULTS

	Fiscal 2024	Fiscal 2023				Fiscal 2022		
	Nov 30	Aug 31	May 31	Feb 28	Nov 30	Aug 31	May 31	Feb 28
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expense	63	66	46	74	56	68	65	72
<b>Loss before the undernoted</b>	<b>63</b>	<b>66</b>	<b>46</b>	<b>74</b>	<b>56</b>	<b>68</b>	<b>65</b>	<b>72</b>
Interest expense	7	7	6	6	12	9	13	13
Change in fair value of derivative liability	-	26	-	(26)	-	(129)	(22)	(46)
Adjustments to other receivables <sup>(1)</sup>	-	-	-	-	-	(2)	-	-
Income (loss) and comprehensive income (loss) for the period	\$ (70)	\$ (99)	\$ (52)	\$ (54)	\$ (68)	\$ 54	\$ (56)	\$ (39)
Income (loss) and comprehensive income (loss) per share from operations – basic and diluted	\$(0.004)	\$(0.005)	\$(0.003)	\$(0.005)	\$(0.004)	\$(0.005)	\$(0.004)	\$(0.005)
Income (loss) per share Basic and diluted	\$ 0.004	\$(0.005)	\$(0.003)	\$(0.003)	\$(0.005)	\$ 0.004	\$(0.004)	\$(0.003)

<sup>(1)</sup> Other receivables were owed from a bankruptcy trustee in Ontario in which the Company was a claimant.

## 8. LIQUIDITY AND CAPITAL RESOURCES

Kure held cash of \$16 as at November 30, 2023 (August 31, 2023 - \$1).

Cash used in operating activities for the three months ended November 30, 2023 was \$12, compared to \$Nil for the three months ended November 30, 2022.

Cash provided by financing activities totaled \$27 for the three months ended November 30, 2023 (November 30, 2022 - \$Nil). Refer to the section entitled “Overview – Significant current events – Short-term loans”.

There were no investing activities during the periods ended November 30, 2023 and 2022.

Kure has incurred operating losses and negative cash flows from operations in recent years. Kure will need to raise cash and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments, giving rise to doubt about Kure’s use of the going concern.

The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due.

## 9. SHARE CAPITAL

As at November 30, 2023 and August 31, 2023, 16,190,458 common shares in the Company were issued and outstanding.

## 10. STOCK BASED COMPENSATION

As at August 31, 2023, November 30, 2023 and January 29, 2024, no stock options were issued or outstanding, and no stock options were granted or expired. On December 19, 2022, 546,329 warrants were issued (refer to the section entitled “Overview – Warrants”). These warrants expired on December 19, 2023.

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## 11. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The Company's key management personnel includes members of the executive team and the board of directors of the Company and its wholly owned subsidiaries.

Key management compensation for the three months ended November 30 is as follows:

	2023	2022
Chief Executive Officer fees	\$ 14	\$ 14
Chief Financial Officer fees	14	14
Director fees	2	2
	\$ 30	\$ 30

There are no ongoing contractual or other commitments arising from these transactions with related parties.

As at November 30, 2023, the Company had amounts payable to officers and directors of the Company in the amount of \$566 (August 31, 2023 - \$528). The amount payable to officers and directors is unsecured, non-interest bearing with no fixed terms of repayment.

### Short-term loans payable to related parties

The Company executed unsecured demand loans payable with related parties between August 31, 2018 and 2023. An additional \$12 of unsecured demand loans were executed with related parties during the three months ended November 30, 2023.

As at November 30, 2023, \$293 remained outstanding to related parties (August 31, 2023 - \$275) (note 3). During the three months ended November 30, 2023, the Company incurred interest expense on related party loans of \$6 (November 30, 2022 - \$5).

Details of the balance on the loans from related parties are as follows:

	November 30, 2023	August 31, 2023
Balance, opening	\$ 275	\$ 203
Unsecured related party loans	12	50
Accrued interest on unsecured related party loans	6	22
Balance, ending	\$ 293	\$ 275

During the three months ended November 30, 2023, the Company incurred interest expense on related party loans of \$6 (November 30, 2022 - \$5).

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## 12. OPERATING RISKS AND UNCERTAINTIES

### **Management of capital**

The Company's main objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body. The Company defines its capital as shareholders' equity plus short-term loans.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no significant changes to the Company's approach to capital management during the periods ended November 30, 2023 and August 31, 2023.

### **Financial instruments and risk management**

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee, under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### Fair values

As at November 30, 2023 and August 31, 2023, financial instruments consist of cash, accounts payable and accrued liabilities, interest payable and short-term loans. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Company classifies its financial instruments carried at fair value according to a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly;
- Level 3 – Inputs for assets or liabilities that are not based on observable market data.

As at November 30, 2023, there were no financial instruments carried at fair value to classify in the fair value hierarchy.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations and limit exposure to credit and market risks.



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### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash balance which is held at Canadian financial institutions. The Company believes its exposure to credit risk is not significant.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes the Company had no significant exposure to interest rate risk through its financial instruments as at November 30, 2023 and August 31, 2023 as the Company's interest bearing debt is at fixed interest rates.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company's accounts payable and accrued liabilities are generally due within 30 days and are subject to normal trade terms.

The Company coordinates this planning and budgeting process with its financing activities through the capital management process, described above, in normal circumstances.

## **13. PROPOSED TRANSACTIONS & OFF- BALANCE SHEET ARRANGEMENTS**

There are no proposed transactions and off-balance sheet arrangements.

## **14. ADDITIONAL INFORMATION**

Additional information regarding the Company's financial statements and corporate documents is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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# **KURE TECHNOLOGIES, INC.**

Shareholder Information

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## **Board of Directors and Officers**

Alex Dolgonos (Chairman of the Board  
and Chief Executive Officer)

Igor Keselman (Chief Financial Officer)

Nicholas T. Macos

## **Auditors**

McGovern Hurley LLP  
251 Consumers Road, Suite 800  
Toronto, Ontario Canada  
M2J 4R3

## **Shareholder inquiries**

Kure Investor Relations  
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## **Transfer agent**

TSX Trust Company  
200 University Avenue, Suite 300  
Toronto, Ontario  
M5H 4H1  
Tel: (416) 361-0930  
Fax: (416) 361-0470  
email: [TMXEInvestorservices@tmx.com](mailto:TMXEInvestorservices@tmx.com)

## **Common shares**

The common shares of the Company  
are listed on the NEX under the  
symbol KUR.H.