

Management's Discussion and Analysis of Financial Condition
and Results of Operations of

KURE TECHNOLOGIES, INC.

Three months ended November 30, 2018 and 2017

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, 2018 and 2017

January 23, 2019

1. INTRODUCTION

This management's discussion and analysis ("MD&A") of 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, 2018 and 2017.

The Company's consolidated 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. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective under International Financial Reporting Standards ("IFRS"), and determined that the following may have an impact on the Company:

IFRS 9 "Financial Instruments"

This new standard is a partial replacement of International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date of IFRS 9 is annual periods beginning on or after January 1, 2018.

3. 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 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.

More specifically, Kure faces risks and uncertainties in connection with the outcome of litigation described under the section entitled "Overview – Significant current events – Jolian Parties update". In particular, there can be no assurance that Kure will be able to recover any of the amounts awarded it in the litigation.

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 sections 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.

4. OVERVIEW

Significant current events

Jolian Parties update

The Company is continuing its efforts to recover, from former Chief Executive Officer (“CEO”) Gerald McGoey and Jolian Investments Ltd, together referred to as the “Jolian Parties”, cost and disgorgement orders totaling \$1,584 plus post-judgment interest.

On November 24, 2017, the Company received notice that the Jolian Parties had made a proposal (the “Jolian Proposal”) under the *Bankruptcy and Insolvency Act*, and the Company filed a Proof of Claim in response. Qualified creditors refused to approve the Jolian Proposal and the Jolian Parties were each deemed to have thereupon made an assignment in bankruptcy.

The Company is now pursuing its collection efforts through the bankruptcy process.

On November 5, 2018, a motion was heard in the Ontario Superior Court of Justice seeking a declaration that Mr. McGoey’s interest in two properties held in joint tenancy with his wife are assets of the estate subject to realization for the benefit of creditors and not held in trust for their children.

On January 4, 2019, the Honourable Justice Penny released his decision, concluding that both trusts are void as being sham trusts. Further, had he not come to this conclusion, he would nevertheless have concluded, on the basis of the same evidence, that the purported trusts were fraudulent conveyances, done with the intention to defeat creditors. The declarations sought by the Trustee were granted and the two properties are considered assets of the estate subject to realization for the benefit of creditors. Cost submissions are pending.

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.

Going concern

The going concern basis of presentation assumes that Kure will continue in operation for the foreseeable future and will be able to realize 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 Jolian Parties bankruptcy and the Company’s current investment in ONEnergy.

Kure will need to raise cash and/or monetize assets, 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 assumption. Notwithstanding the above, the Company’s unaudited condensed consolidated interim financial statements for the three months ended November 30, 2018 and 2017 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, monitor its investment in ONEnergy, and explore opportunities to maximize shareholder value.

The Company is reviewing a variety of business plans and, while subject to change, is currently focusing its strategic efforts in the connected intelligent device sector which it believes has the most attractive opportunities.

Investment in ONEnergy

As at August 31, 2018, the Company held 1,075,500 shares in ONEnergy Inc. ("ONEnergy").

Trading in the common shares of ONEnergy was halted on April 26, 2018 while ONEnergy considered a proposed reorganization and a subsequent business combination.

On December 3, 2018, ONEnergy announced the sale of its home comfort business.

On January 14, 2019, the letter of intent relating to the proposed reorganization expired and the parties continue to explore mutually beneficial alternatives.

ONEnergy shares are expected to resume trading as soon as disclosure and other regulatory requirements can be completed to the satisfaction of the TSX Venture Exchange.

5. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements for the three months ended November 30, 2018 and 2017 include the accounts of Kure's wholly owned subsidiary, UBS Wireless. All significant intercompany balances and transactions have been eliminated upon consolidation.

6. 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, 2018 and 2017, 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, 2018.

7. RESULTS OF OPERATIONS

Highlights of the results for the three months ended November 30, 2018 include the following:

- Kure recorded a loss from operations of \$37, compared to \$60 for the three months ended November 30, 2017.
- As at November 30, 2018, Kure held cash of \$59, compared to \$15 as at August 31, 2018.

Operating expense

| | Three months ended November 30, | |
|----------------------------|---------------------------------|-------|
| | 2018 | 2017 |
| Compensation | \$ 28 | \$ 30 |
| General and administrative | 18 | 27 |
| Total operating expense | \$ 46 | \$ 57 |

Compensation

Compensation expense includes mainly wages, salaries and benefits.

During the three months ended November 30, 2018, the Company expensed \$28 in compensation (November 30, 2017 - \$30) (refer to the section "Related party transactions – Compensation of key management personnel").

General and administrative expense

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

| | Three months ended November 30, | |
|---|---------------------------------|-------|
| | 2018 | 2017 |
| Professional expenses | \$ 17 | \$ 24 |
| Office and general | 1 | 3 |
| Total general and administrative expenses | \$ 18 | \$ 27 |

Professional fees

Professional fees include mainly corporate legal, audit, accounting and tax, board fees, general meeting costs and insurance.

During the three months ended November 30, 2018, the Company recorded \$17 (November 30, 2017 - \$24).

Interest and financing charges

Interest expense for the three months ended November 30, 2017, totaling \$3 (November 30, 2018 - \$nil), arose from an unsecured short-term loan that was repaid on March 1, 2018. Interest income of \$9 during the quarter ended November 30, 2018 (November 30, 2017 - \$nil) was earned mainly on the Jolian Parties receivable (refer to the section entitled “Overview – Significant current events – Jolian Parties update”).

Income taxes

As at November 30, 2018, the Company has approximately \$20,648 in non-capital losses which expire between 2027 and 2038, SRED pool carryforwards of \$11,545, capital loss carryforwards of \$25,530, and non-tax deductible reserves of \$60.

Loss and comprehensive loss

For the three months ended November 30, 2018, the loss before comprehensive loss, and the loss and comprehensive loss amounted to \$37 or a weighted average loss per share of \$0.002, basic and diluted (November 30, 2017 - \$60 and \$0.004 respectively).

8. QUARTERLY FINANCIAL RESULTS

The table below sets out financial information for the past eight quarters:

| | Fiscal 2019 | Fiscal 2018 | | | | Fiscal 2017 | | |
|--|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Nov 30 | Aug 31 | May 31 | Feb 28 | Nov 30 | Aug 31 | May 31 | Feb 28 |
| Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating expense before interest | 46 | 63 | 52 | 79 | 57 | 92 | 122 | 18 |
| Interest expense (income) | (9) | (30) | 1 | 3 | 3 | (7) | (12) | (16) |
| Loss (Income) on sale of ONEnergy shares | - | (1) | 61 | 213 | - | (69) | - | 8 |
| Impairment of accounts receivable | - | 168 | - | - | - | 384 | - | - |
| Impairment of investment in ONEnergy | - | 189 | - | - | - | 667 | - | - |
| Loss before comprehensive loss | (37) | (389) | (114) | (295) | (60) | (1,067) | (110) | (10) |
| Fair value adjustment in ONEnergy ⁽¹⁾ | - | - | 42 | (231) | - | (69) | - | (423) |
| Unrealized loss recognized in net loss | - | 189 | - | - | - | 667 | - | - |
| Loss and comprehensive loss for the period | \$ (37) | \$ (189) | \$ (72) | \$ (526) | \$ (60) | \$ (469) | \$ (110) | \$ (433) |
| Loss per share from operations – basic and diluted | \$(0.002) | \$(0.025) | \$(0.007) | \$(0.020) | \$(0.004) | \$(0.031) | \$(0.007) | \$(0.000) |
| Comprehensive income (loss) per share – basic and diluted | \$ 0.000 | \$ 0.013 | \$ 0.002 | \$(0.015) | \$(0.000) | \$ 0.000 | \$(0.000) | \$(0.003) |
| Income (loss) per share Basic and diluted⁽²⁾ | \$ (0.002) | \$ (0.012) | \$(0.005) | \$(0.035) | \$(0.004) | \$(0.031) | \$(0.007) | \$(0.003) |

⁽¹⁾ The Company accounts for its investment in ONEnergy using the fair value method.

⁽²⁾ Quarterly loss per share are not additive and may not equal the total loss per share reported. This is due to rounding and the effect of the share consolidation and split effective March 16, 2017.

9. LIQUIDITY AND CAPITAL RESOURCES

Kure held cash of \$59 as at November 30, 2018 (August 31, 2018 - \$15) which consisted of all bank balances.

Cash used in operating activities for the three months ended November 30, 2018 was \$6, compared to \$56 for the three months ended November 30, 2017. The variance during fiscal 2017 was due mainly to timing differences.

Cash provided by financing activities totalling \$50 for the three months ended November 30, 2018, resulted from receipt of the unsecured loan from a related party to the Company (refer to the section entitled "Related party transactions – Short-term loan payable").

There were no investing activities during the three months ended November 30, 2018 and 2017.

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.

10. SHARE CAPITAL

As at November 30, 2018 and January 23, 2019, approximately 15,097,800 common shares in Kure were issued and outstanding.

11. STOCK BASED COMPENSATION

As at November 30, 2018 and August 31, 2018, no stock options were issued or outstanding, and no stock options were granted or expired.

12. RELATED PARTY TRANSACTIONS

a) Compensation of key management personnel

The Company's key management personnel include 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, 2018 totaled \$16, which included \$5 for director fees and \$11 to the former CEO of the Company (November 30, 2017 - \$17, \$5 and \$12 respectively).

The balance of compensation owing to key management personnel totalled:

| | November 30, 2018 | August 31, 2018 |
|---|-------------------|-----------------|
| CEO compensation (net of applicable taxes) ⁽¹⁾ | \$ 111 | \$ 100 |
| Board fees | 40 | 35 |
| Total general and administrative expenses | \$ 151 | \$ 135 |

⁽¹⁾ Includes consulting fees accrued for services rendered by the former CEO who resigned on November 21, 2018.

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

(b) Short-term loan payable

On November 30, 2018, a director extended interim unsecured funding to the Company totalling \$50 at an annual interest rate of 12% and a maturity date of June 3, 2019.

13. CONTINGENCIES

In the normal course of its operations, the Company may be subject to other litigation and claims.

The Company indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

14. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Company currently has one demand loan outstanding which matures on June 3, 2019 (refer to the section entitled "Related party transactions – Short-term loan payable") which does not require fixed payments of interest and principal due to the lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company invests its liquid capital in short-term investments to obtain adequate cash returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity, and returns on unused capital and allowing flexibility in holding longer term strategic investments. There were no changes to the Company's strategy management of capital during the three months ended November 30, 2018.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: 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.

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's exposure to credit risk relates mainly to the amount owing to the Company by the Jolian Parties (refer to the section entitled "Overview – Significant current events – Jolian Parties update").

Interest rate risk

The Company had no significant exposure to interest rate risk through its financial instruments as at November 30, 2018 and 2017.

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 coordinates this planning and budgeting process with its financing activities through the capital management process described in the section entitled "Operating risks and uncertainties – Management of capital", in normal circumstances.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities.

Other price risk

The Company is exposed to other price risk on its investment in equities quoted in an active market since changes in market prices could result in changes in the fair value of the investment.

16. PROPOSED TRANSACTIONS & OFF BALANCE SHEET ARRANGEMENTS

There are no proposed transactions or off balance sheet arrangements.

17. ADDITIONAL INFORMATION

Additional information regarding the Company's financial statements and corporate documents is available on SEDAR at www.sedar.com.

KURE TECHNOLOGIES, INC.

Shareholder Information

Board of Directors and Officers

Henry J. Kloepper (Chairman of the Board and Interim Chief Financial Officer)

Alex Dolgonos (Interim Chief Executive Officer)

Nicholas T. Macos

Auditors

Dale Matheson Carr-Hilton Labonte LLP
Vancouver, British Columbia

Shareholder inquiries

Kure Investor Relations
PO Box 10, Station Main
Keswick, Ontario
L4P 3E1
email: irinfo@kuretechnologies.com

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

Common shares

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