

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

## **KURE TECHNOLOGIES, INC.**

Three and six months ended February 28, 2021  
and February 29, 2020

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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 and six months ended February 28, 2021 and February 29, 2020

April 28, 2021

### **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 and six months ended February 28, 2021 and February 29, 2020.

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. 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.

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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.

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**

##### Novel Coronavirus ("COVID-19")

The Company's operations have been significantly adversely affected by the effects of a widespread global outbreak of a respiratory illness caused by COVID-19. The Company cannot accurately predict the ultimate impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, the health crisis could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

##### Short-term loans

During the quarter ended February 28, 2021, the Company executed additional unsecured loans payable with a director totaling \$37 at an annual interest rate of 12%.

##### Settlement agreement

On December 2, 2019, a settlement agreement between a former Chief Executive Officer ("CEO") and a bankruptcy trustee in Ontario ("Trustee") in which the Company was a claimant was approved by the Ontario Superior Court of Justice. The Company was awarded approximately \$144 as settlement of its claim against the former CEO. During fiscal 2020, \$41 was received after disbursement of \$94 in accrued legal expenses, and the balance of funds will be received over a 24-month period ending in January 2022. Funds are held by the Trustee and disbursed at their discretion.

No funds were received from the Trustee during the six months ended February 28, 2021.

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**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 Mississauga, 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 Company's accumulated deficit and working capital deficiency as at February 28, 2021. 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 and six months ended February 28, 2021 and February 29, 2020 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 and explore restructuring 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.

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

The unaudited condensed consolidated interim financial statements for the three and six months ended February 28, 2021 and February 29, 2020 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 and six months ended February 28, 2021 and February 29, 2020, 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, 2020.

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## 6. RESULTS OF OPERATIONS

Highlights of the results for the three months ended February 28, 2021 include the following:

- Kure recorded a loss from operations totaling \$151 (2019 – income totaling \$15);
- As at February 28, 2021, Kure held cash of \$10 (August 31, 2020 - \$14).

### Operating expense

	Three months ended		Six months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Compensation	\$ 137	\$ 16	\$ 153	\$ 32
General and administrative	13	31	31	45
Total operating expense	\$ 150	\$ 47	\$ 184	\$ 77

### Compensation

Compensation expense includes mainly wages, salaries and benefits.

During the three and six months ended February 28, 2021, the Company expensed \$137 and \$153 respectively in compensation (February 29, 2020 - \$16 and \$32 respectively). The increased compensation during the second quarter of fiscal 2021 resulted mainly from an adjustment to fees accrued for the interim Chief Executive Officer and the interim Chief Financial Officer as detailed in the section “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		Six months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Professional expenses	\$ 12	\$ 30	\$ 30	\$ 43
Office and general	1	1	1	2
Total general and administrative	\$ 13	\$ 31	\$ 31	\$ 45

### Professional fees

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

During the three and six months ended February 28, 2021, the Company recorded \$12 and \$30 in professional fees respectively (February 29, 2020 - \$30 and \$43 respectively).

### Interest and financing charges

Interest expense for the three and six months ended February 28, 2021, totaling \$1 and \$4 respectively (February 29, 2020 - \$3 and \$5 respectively), arose from unsecured short-term loans outstanding, as detailed in the section entitled “Related party transactions – Short-term loans payable”.

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## Income taxes

As at February 28, 2021, the Company had approximately \$21,016 in non-capital income tax losses with expiry dates between 2027 and 2041, SRED pool carry-forwards of \$11,545, capital loss carry-forwards of \$25,530, and non-tax deductible reserves of \$65.

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

## Income (loss) and comprehensive income (loss)

For the three and six months ended February 28, 2021, the loss and comprehensive loss amounted to \$151 and \$188 or \$0.010 and \$0.012 per share respectively, basic and diluted.

For the comparative three months ended February 29, 2020, the Company recorded \$15 or \$0.001 of income (six months ended February 29, 2020 – loss of \$17 or 0.001 per share), basic and diluted.

## 7. QUARTERLY FINANCIAL RESULTS

	Fiscal 2021		Fiscal 2020				Fiscal 2019	
	Feb 28	Nov 30	Aug 31	May 31	Feb 29	Nov 30	Aug 31	May 31
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expense before interest	150	34	83	32	47	30	75	37
Interest expense (income), net	1	3	4	3	3	2	(15)	(7)
Impairment of accounts receivable	-	-	(3)	-	(65)	-	281	-
Impairment of investment in ONEnergy Inc.	-	-	-	-	-	-	215	-
Income (Loss) before comprehensive income (loss)	(151)	(37)	(84)	(35)	15	(32)	(556)	(30)
Fair value adjustment in ONEnergy Inc. <sup>(1)</sup>	-	-	-	-	-	-	(64)	(6)
Unrealized loss recognized in net loss	-	-	-	-	-	-	215	-
Income (loss) and comprehensive income (loss) for the period	\$ (151)	\$ (37)	\$ (84)	\$ (35)	\$ 15	\$ (32)	\$ (405)	\$ (36)
Income (loss) per share from operations – basic and diluted	\$(0.010)	\$(0.002)	\$(0.003)	\$(0.002)	\$ 0.001	\$(0.002)	\$(0.037)	\$(0.002)
Comprehensive income (loss) per share – basic and diluted	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.010	\$ 0.000
Income (loss) per share Basic and diluted	\$ (0.010)	\$ (0.002)	\$ (0.003)	\$ (0.002)	\$ 0.001	\$(0.002)	\$(0.027)	\$(0.002)

<sup>(1)</sup> As at August 31, 2019, the Company determined the fair value of its investment in ONEnergy Inc. was nominal and reduced the carrying value to \$nil.

## 8. LIQUIDITY AND CAPITAL RESOURCES

Kure held cash of \$10 as at February 28, 2021 (August 31, 2020 - \$14).

Cash used in operating activities for the six months ended February 28, 2021 was \$56, compared to cash provision of \$3 for the comparative period ended February 29, 2020.

Cash provided by financing activities totaled \$52 for the six months ended February 28, 2021, compared to \$30 during the comparative period ended February 29, 2020.

There were no investing activities during the three and six months ended February 28, 2021 and February 29, 2020.

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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 February 28, 2021 and April 28, 2021, approximately 15,097,800 common shares in Kure were issued and outstanding.

## 10. STOCK BASED COMPENSATION

As at February 28, 2021 and February 29, 2020, no stock options were issued or outstanding, and no stock options were granted or expired.

## 11. RELATED PARTY TRANSACTIONS

### 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 personnel compensation is as follows:

	Three months ended		Six months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Chief Executive Officer <sup>(1)</sup>	\$ 114	\$ -	\$ 114	\$ -
Chief Financial Officer <sup>(2)</sup>	8	-	8	-
Director fees <sup>(3)</sup>	(17)	8	(10)	15
	\$ 105	\$ 8	\$ 112	\$ 15

<sup>(1)</sup> CEO fees earned, net of applicable taxes, are payable to the interim CEO who was appointed on November 21, 2018. Fees were adjusted during the quarter ended February 28, 2021 to include the period from November 21, 2018 to February 28, 2021.

<sup>(2)</sup> Chief Financial Officer ("CFO") fees earned, net of applicable taxes, are payable to the interim CFO who was appointed on December 30, 2020.

<sup>(3)</sup> Director fees payable to the interim CEO for the period from November 21, 2018 to November 30, 2020 totaling \$20 were reversed during the quarter ended February 28, 2021.

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

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### Short-term loans payable

Between November 30, 2018 and December 18, 2019, interim unsecured loans were extended to the Company by a director totaling \$105 inclusive of earned interest and legal fees. The loans were consolidated and renewed on December 18, 2019 at an annual interest rate of 12%.

During the quarter ended February 28, 2021, the Company executed additional unsecured loans payable with a director totaling \$37 at an annual interest rate of 12%. Details of the balance on the loans are as follows:

	February 28, 2021	August 31, 2020
Loan principal	\$ 148	\$ 96
Accrued interest on unsecured loans	23	16
Legal fees	6	2
	\$ 176	\$ 114

Interest recorded on the loans during the three and six months ended February 28, 2021 totaled \$1 and \$4 respectively (February 29, 2020 - \$3 and \$5 respectively).

Refer also to the section entitled "Overview – Significant current events – Short-term loans".

## 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. As at February 28, 2021, the Company is not subject to any externally imposed capital requirements. 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 three and six months ended February 28, 2021 and February 29, 2020.

### 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 February 28, 2021 and August 31, 2020, financial instruments consist of cash, accounts receivable and other receivables, settlements receivable, accounts payable, accrued liabilities 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.

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 limited 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 February 28, 2021 and February 29, 2020.

### 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 "Management of Capital", in normal circumstances. The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, and short-term loans.

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

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

## **14. ADDITIONAL INFORMATION**

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

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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**

Dale Matheson Carr-Hilton Labonte LLP  
Vancouver, British Columbia

## **Shareholder inquiries**

Kure Investor Relations  
PO Box 223, Station Main  
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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.