

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

KURE TECHNOLOGIES, INC.

Three and nine months ended May 31, 2021 and 2020

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 nine months ended May 31, 2021 and 2020

July 27, 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 nine months ended May 31, 2021 and 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.

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

Proposed non-brokered private placement

On July 21, 2021, the Company announced a proposed offering of unsecured convertible debentures (the "Offering") to be issued in \$1 increments in order to raise aggregate gross proceeds of up to \$150. Kure intends to use the net proceeds of the Offering to cover the costs of its upcoming Annual General Meeting, which is scheduled to be held on September 10, 2021, and for general working capital purposes.

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%. As at May 31, 2021, the balance of the loans payable including accrued interest and legal fees associated with the loan execution totaled \$180.

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 an estimated \$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 December 2021. Funds are held by the Trustee and disbursed at their discretion.

Funds totaling \$8 were received from the Trustee during the three months ended May 31, 2021, and an increase of \$4 to settlements receivable was recorded.

During the quarter ended May 31, 2020, the Company reversed accrued legal costs totaling \$65 to professional fees.

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 Company’s accumulated deficit and working capital deficiency as at May 31, 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 nine months ended May 31, 2021 and 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 nine months ended May 31, 2021 and 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 nine months ended May 31, 2021 and 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.

6. RESULTS OF OPERATIONS

Highlights of the results for the three and nine months ended May 31, 2021 include the following:

- Kure recorded a loss from operations totaling \$61 and \$249 respectively (2020 – \$35 and \$52 respectively);
- As at May 31, 2021, Kure held cash of \$13 (August 31, 2020 - \$14).

Operating expense

	Three months ended May 31,		Nine months ended May 31,	
	2021	2020	2021	2020
Compensation	\$ 41	\$ 16	\$ 194	\$ 48
General and administrative	20	16	51	61
Total operating expense	\$ 61	\$ 32	\$ 245	\$ 109

Compensation

Compensation expense includes mainly wages, salaries and benefits.

During the three and nine months ended May 31, 2021, the Company expensed \$41 and \$194 respectively in compensation (2020 - \$16 and \$48 respectively). The increased compensation during fiscal 2021 resulted mainly from an adjustment to fees accrued for the interim Chief Executive Officer during the quarter ended February 28, 2021, and fees accrued for the interim Chief Financial Officer. A summary of fees is 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 May 31,		Nine months ended May 31,	
	2021	2020	2021	2020
Professional expenses	\$ 19	\$ 15	\$ 48	\$ 58
Office and general	1	1	3	3
Total general and administrative	\$ 20	\$ 16	\$ 51	\$ 61

Professional fees

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

During the three and nine months ended May 31, 2021, the Company recorded \$19 and \$48 in professional fees respectively (2020 - \$15 and \$58 respectively).

Interest and financing charges

Interest expense for the three and nine months ended May 31, 2021, totaling \$4 and \$8 respectively (2020 - \$3 and \$8 respectively), arose from unsecured short-term loans outstanding, as detailed in the section entitled "Related party transactions – Short-term loans payable".

Income taxes

As at May 31, 2021, the Company had approximately \$22,000 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 nine months ended May 31, 2021, the loss and comprehensive loss amounted to \$61 and \$249 or \$0.004 and \$0.016 per share respectively, basic and diluted.

For the comparative three months ended May 31, 2020, the Company recorded a loss of \$35 and \$52 or \$0.002 and \$0.003 respectively, basic and diluted.

7. QUARTERLY FINANCIAL RESULTS

	Fiscal 2021			Fiscal 2020				Fiscal 2019
	May 31	Feb 28	Nov 30	Aug 31	May 31	Feb 29	Nov 30	Aug 31
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expense before interest	61	150	34	83	32	47	30	75
Interest expense (income), net	4	1	3	4	3	3	2	(15)
Impairment of / adjustments to settlements receivable	(4)	-	-	(3)	-	(65)	-	281
Impairment of investment in ONEnergy Inc.	-	-	-	-	-	-	-	215
Income (Loss) before comprehensive income (loss)	(61)	(151)	(37)	(84)	(35)	15	(32)	(556)
Fair value adjustment in ONEnergy Inc. ⁽¹⁾	-	-	-	-	-	-	-	(64)
Unrealized loss recognized in net loss	-	-	-	-	-	-	-	215
Income (loss) and comprehensive income (loss) for the period	\$ (61)	\$ (151)	\$ (37)	\$ (84)	\$ (35)	\$ 15	\$ (32)	\$ (405)
Income (loss) per share from operations – basic and diluted	\$(0.004)	\$(0.010)	\$(0.002)	\$(0.003)	\$(0.002)	\$ 0.001	\$(0.002)	\$(0.037)
Comprehensive income (loss) per share – basic and diluted	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.010
Income (loss) per share Basic and diluted	\$(0.004)	\$(0.010)	\$(0.002)	\$(0.003)	\$(0.002)	\$ 0.001	\$(0.002)	\$(0.027)

⁽¹⁾ 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 \$13 as at May 31, 2021 (August 31, 2020 - \$14).

Cash used in operating activities for the nine months ended May 31, 2021 was \$53, compared to \$13 for the comparative period ended May 31, 2020.

Cash provided by financing activities totaled \$52 for the nine months ended May 31, 2021, compared to \$26 during the comparative period ended May 31, 2020.

There were no investing activities during the three and nine months ended May 31, 2021 or 2020.

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 May 31, 2021 and July 27, 2021, approximately 15,097,800 common shares in Kure were issued and outstanding.

10. STOCK BASED COMPENSATION

As at May 31, 2021 and 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 includes members of the executive team and the board of directors of the Company and its wholly owned subsidiaries. Key management compensation is as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2021	2020	2021	2020
Chief Executive Officer ⁽¹⁾	\$ 12	\$ -	\$ 126	\$ -
Chief Financial Officer ⁽²⁾	12	-	20	-
Director fees ⁽³⁾	3	7	(7)	22
	\$ 27	\$ 7	\$ 139	\$ 22

⁽¹⁾ 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.

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

⁽³⁾ 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.

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:

	May 31, 2021	August 31, 2020
Loan principal	\$ 148	\$ 96
Accrued interest on unsecured loans	27	16
Legal fees	5	2
	\$ 180	\$ 114

Interest recorded on the loans during the three and nine months ended May 31, 2021 totaled \$4 and \$8 respectively (2020 - \$3 and \$8 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 May 31, 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 nine months ended May 31, 2021 and 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 May 31, 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.

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 May 31, 2021 and 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

The company has proposed a transaction as detailed in the section entitled “Overview – Significant current events – Proposed non-brokered private placement”.

There are no 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.

KURE TECHNOLOGIES, INC.

Shareholder Information

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
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Shareholder inquiries

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Common shares

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