

Unaudited condensed consolidated interim financial statements of

KURE TECHNOLOGIES, INC.

for the three and six months ended February 29, 2024
and February 28, 2023

(In thousands of Canadian dollars)

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor. The accompanying unaudited condensed consolidated interim financial statements of Kure Technologies, Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

KURE TECHNOLOGIES, INC.

Condensed consolidated interim statements of financial position

(In thousands of Canadian dollars)

(Unaudited)

As at

	Note	February 29, 2024	August 31, 2023
Assets			
Current assets			
Cash		\$ 2	\$ 1
Prepaid expenses and deposits		8	6
Total assets		\$ 10	\$ 7
Liabilities and shareholders' equity (deficiency)			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,208	\$ 1,129
Short-term loans	3,6	361	302
Total liabilities		1,569	1,431
Shareholders' equity (deficiency)			
Share capital	4	58,658	58,658
Contributed surplus	5	21	21
Deficit		(60,238)	(60,103)
		(1,559)	(1,424)
Total liabilities and shareholders' equity (deficiency)		\$ 10	\$ 7
Nature of operation and going concern	1		
Subsequent events	11		

Approved by the Board of Directors:

(Signed) – Alex Dolgonos

Alex Dolgonos – Director

(Signed) – Isaac Kron

Isaac Kron - Director

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

KURE TECHNOLOGIES, INC.

Condensed consolidated interim statements of loss and comprehensive loss

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

For the

	Note	Three months ended		Six months ended	
		February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Expenses					
Compensation	6	\$ 46	\$ 46	\$ 92	\$ 92
General and administrative	7	12	28	29	38
Total expenses		58	74	121	130
Loss for the period before the undernoted		(58)	(74)	(121)	(130)
Change in fair value of derivative liability	6	-	26	-	26
Interest and finance charges	3	(7)	(6)	(14)	(18)
Net and comprehensive loss for the period		\$ (65)	\$ (54)	\$ (135)	\$ (122)
Loss per share					
Basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding					
Basic and diluted		16,190,458	15,971,926	16,190,458	15,532,448

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

KURE TECHNOLOGIES, INC.

Condensed consolidated interim statements of changes in shareholders' equity (deficiency)

(In thousands of Canadian dollars)

(Unaudited)

	Share Capital		Contributed		Total equity
	Shares	Amount	surplus	Deficit	(deficiency)
	#	\$	\$	\$	\$
Balance, August 31, 2022	15,097,800	58,533	-	(59,830)	(1,297)
Conversion of convertible debentures	1,092,658	120	-	-	120
Net loss for the period	-	-	-	(122)	(122)
Balance, February 28, 2023	16,190,458	58,653	-	(59,952)	(1,299)
Balance, August 31, 2023	16,190,458	58,658	21	(60,103)	(1,424)
Net loss for the period	-	-	-	(135)	(135)
Balance, February 29, 2024	16,190,458	58,658	21	(60,238)	(1,559)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

KURE TECHNOLOGIES, INC.

Condensed consolidated interim statements of cash flows

(In thousands of Canadian dollars)

(Unaudited)

For the six months ended

	February 29, 2024	February 28, 2023
Cash flows from operating activities		
Net loss for the period	\$ (135)	\$ (122)
Interest expense	14	(4)
Change in fair value of derivative liability	-	(5)
Accounts receivable and other receivable	-	3
Prepayments	(2)	-
Accounts payable and accrued liabilities	79	81
Cash used in operating activities	(44)	(47)
Financing activities		
Short-term loans	45	75
Cash provided by financing activities	45	75
Increase in cash	1	28
Cash, beginning	1	2
Cash, ending	\$ 2	\$ 30

There were no investing activities during the periods reported.

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

KURE TECHNOLOGIES, INC.

Notes to the unaudited condensed consolidated interim financial statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 29, 2024 and February 28, 2023

1. Nature of operation and going concern

Kure Technologies, Inc. (the "Company" or "Kure") was incorporated June 1, 1998 under the Business Corporations Act of Ontario.

The Company currently has no business activity. The Company's shares are listed for trading on the NEX, a separate board of the TSX Venture Exchange, under the symbol "KUR.H". The address of the Company's head office and registered and records office is 291 York Hill Blvd, Thornhill Ontario L4J 3L5.

References to "Kure" and the "Company" include the legal entity Kure Technologies, Inc. and its wholly owned subsidiary, UBS Wireless Services Inc.

Going concern

These unaudited condensed consolidated interim financial statements were prepared on a going-concern basis of preparation, which assumes that the Company 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. As at February 29, 2024, the Company has an accumulated deficit of \$60,238 and a working capital deficiency of \$1,559. 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. These unaudited condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Company's financing efforts to date, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations. Management will pursue funding initiatives if, as and when required to meet the Company's requirements on an ongoing basis. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

2. Summary of significant accounting policies

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 3, 2024.

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Accounting policies and methods of their application followed in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual audited financial statements for the year ended August 31, 2023.

(b) Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

KURE TECHNOLOGIES, INC.

Notes to the unaudited condensed consolidated interim financial statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 29, 2024 and February 28, 2023

2. Summary of significant accounting policies (continued)

(c) Basis of consolidation

The unaudited condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, USB Wireless Services Inc. which was incorporated in Ontario.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intercompany balances, transactions, revenues and expenses have been eliminated.

3. Short-term loans

Between August 31, 2018 and August 31, 2023, interim unsecured demand loans were extended to the Company at annual interest rates of 12%.

During the six months ended February 29, 2024, interim unsecured demand loans totaling \$45 were extended to the Company at an annual interest rate of 12%, of which \$30 was received from directors and officers of the Company and \$15 from an independent investor (Notes 6 and 11).

Details of the balance on the loans are as follows:

	February 29, 2024	August 31, 2023
Balance, opening	\$ 302	\$ 203
Receipt of unsecured loans	45	75
Accrued interest on unsecured loans	14	24
Balance, ending	\$ 361	\$ 302

Interest recorded on the loans during the three and six months ended February 29, 2024 totaled \$7 and \$14 respectively (February 28, 2023 - \$6 and \$14 respectively).

4. Share capital

(a) Authorized

Unlimited common shares

Unlimited Class A non-voting shares

(b) Issued and outstanding

As at August 31, 2023 and February 29, 2024, 16,190,458 common shares in the Company were issued and outstanding.

KURE TECHNOLOGIES, INC.

Notes to the unaudited condensed consolidated interim financial statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 29, 2024 and February 28, 2023

4. Share capital (continued)

(c) Stock option incentive plan

Kure's stock option plan (the "Option Plan") provides for the granting of stock options to employees, directors and consultants of Kure. Under the Option Plan, up to 1,976,560 common shares may be issued from treasury. The exercise price of the options is determined by the Board of Directors at the time of the grant of an option but cannot be lower than the closing market price of Kure's shares on the NEX on the business day immediately preceding the day on which an option is granted. In the absence of terms specifying otherwise, options vest annually over a three-year period and are exercisable during a period not to exceed 10 years from such grant.

As at August 31, 2023 and February 29, 2024, no stock options were issued or outstanding, and no stock options were granted or expired.

5. 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, all outstanding Warrants expired.

6. Related party transactions

(a) 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		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	August 31, 2023
Chief Executive Officer fees	\$ 14	\$ 14	\$ 28	\$ 28
Chief Financial Officer fees	14	14	28	28
Director fees	3	3	5	5
	\$ 31	\$ 31	\$ 61	\$ 61

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

As at February 29, 2024, the Company had amounts payable to officers and directors of the Company in the amount of \$580 (August 31, 2023 - \$528) (note 11). The amount payable to officers and directors is unsecured, non-interest bearing with no fixed terms of repayment.

KURE TECHNOLOGIES, INC.

Notes to the unaudited condensed consolidated interim financial statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 29, 2024 and February 28, 2023

6. Related party transactions (continued)

(b) Short-term loans payable to related parties

The Company executed unsecured demand loans payable with directors and officers between August 31, 2018 and 2023. An additional \$15 of unsecured demand loans were executed with related parties during the six months ended February 29, 2024 (note 11).

As at February 29, 2024, \$317 remained outstanding to related parties (August 31, 2023 - \$275) (note 3). During the three and six months ended February 29, 2024, the Company incurred interest expense on related party loans of \$6 and \$12 respectively (February 28, 2023 - \$5 and \$10 respectively).

7. General and administrative

General and administrative expense included mainly professional fees, board of director fees, general occupancy, and other administrative overheads for the Company. The breakdown is as follows:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Professional expenses	\$ 11	\$ 27	\$ 27	\$ 36
Office and general	1	1	2	2
Total general and administrative	\$ 12	\$ 28	\$ 29	\$ 38

8. Income taxes

As at February 29, 2024, 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.

9. 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 February 29, 2024 and August 31, 2023.

KURE TECHNOLOGIES, INC.

Notes to the unaudited condensed consolidated interim financial statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 29, 2024 and February 28, 2023

10. 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 29, 2024 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 February 29, 2024 and August 31, 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.

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.

KURE TECHNOLOGIES, INC.

Notes to the unaudited condensed consolidated interim financial statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 29, 2024 and February 28, 2023

10. Financial instruments and risk management (continued)

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 29, 2024 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 in note 9, in normal circumstances.

11. Subsequent events

Subsequent to February 29, 2024, an unsecured demand loan totaling \$40 was extended to the Company by a related party at an annual effective interest rate of 12%.

On March 14, 2024, a director resigned and ceased to be a related party.