

Unaudited Condensed Consolidated Interim Financial Statements of

KURE TECHNOLOGIES, INC.

(formerly Unique Broadband Systems, Inc.)

For the three and nine months ended May 31, 2017 and 2016

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of 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 standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

KURE TECHNOLOGIES, INC.

(formerly Unique Broadband Systems, Inc.)

Condensed Consolidated Interim Statements of Financial Position

(In thousands of Canadian dollars)

(Unaudited)

As at

| | May 31, 2017 | August 31, 2016 |
|--|-----------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash (note 4) | \$ 29 | \$ 149 |
| Short-term investments (note 4) | - | 51 |
| Accounts receivable and other receivables (note 5) | 23 | 8 |
| Prepaid expenses and deposits (note 7) | 28 | 13 |
| | 80 | 221 |
| Jolian Parties receivable (note 6) | 922 | 807 |
| Investment in ONEnergy Inc. (note 8) | 911 | 1,656 |
| | \$ 1,913 | \$ 2,684 |

Liabilities and Shareholders' Equity

| | | |
|--------------------------------------|-----------------|-----------------|
| Current liabilities | | |
| Accounts payable | \$ 124 | \$ 13 |
| Accrued liabilities (note 9) | 307 | 294 |
| | 431 | 307 |
| Shareholders' equity | | |
| Share capital (note 10) | 58,498 | 58,549 |
| Accumulated other comprehensive loss | (598) | - |
| Deficit | (56,418) | (56,172) |
| | 1,482 | 2,377 |
| | \$ 1,913 | \$ 2,684 |

Subsequent events (note 18)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Directors:

(Signed) – Daniel S. Marks _____

Director and Interim Chief Executive Officer

(Signed) – Henry J. Kloepper _____

Director and Interim Chief Financial Officer

KURE TECHNOLOGIES, INC.

(formerly Unique Broadband Systems, Inc.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

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

(Unaudited)

For the

| | Three months ended May 31, | | Nine months ended May 31, | |
|---|----------------------------|-------------|---------------------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Expense (recovery) | | | | |
| Compensation | \$ 28 | \$ 43 | \$ 86 | \$ 132 |
| General and administrative (note 12) | 94 | 30 | 116 | 238 |
| | 122 | 73 | 202 | 370 |
| Loss for the period before the undernoted | (122) | (73) | (202) | (370) |
| Interest income | 12 | - | 37 | 2 |
| Loss on sale of ONEnergy Inc. shares | - | - | (81) | (3) |
| Net loss for the period | (110) | (73) | (246) | (371) |
| Fair value adjustment in ONEnergy Inc. (note 8) | - | (38) | (598) | (1,055) |
| Comprehensive loss for the period | \$ (110) | \$ (111) | \$ (844) | \$ (1,426) |
| Loss per share | | | | |
| Basic and diluted | \$ (0.007) | \$ (0.001) | \$ (0.055) | \$ (0.013) |
| Weighted average number of shares outstanding | | | | |
| Basic and diluted | 15,133,125 | 136,163,081 | 15,253,350 | 113,967,565 |

The accompanying notes are an integral part of the consolidated financial statements.

KURE TECHNOLOGIES, INC.

(formerly Unique Broadband Systems, Inc.)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(In thousands of Canadian dollars)

(Unaudited)

| | Share Capital | | Share Option Reserve | Accumulated Other Comprehensive Deficit | | Total |
|-----------------------------------|--------------------|------------------|----------------------------|---|-------------------|-----------------|
| | Shares | Amount | | Loss | | |
| Balance, September 1, 2015 | 102,747,854 | \$ 58,139 | \$ - | \$ (53,817) | \$ (1,111) | \$ 3,211 |
| Rights offering | 50,396,738 | 504 | - | - | - | 504 |
| Share issuance costs | - | (94) | - | - | - | (94) |
| Net loss for the period | - | - | - | (371) | - | (371) |
| Other comprehensive loss | - | - | - | - | (1,055) | (1,055) |
| Balance, May 31, 2016 | 153,144,590 | \$ 58,549 | \$ - | \$ (54,188) | \$ (2,166) | \$ 2,195 |
| Balance, August 31, 2016 | 153,144,590 | \$ 58,549 | \$ - | \$ (56,172) | \$ - | \$ 2,377 |
| Shares returned to treasury | (2,166,590) | (16) | - | - | - | (16) |
| 1 for 1,000 share consolidation | (150,827,022) | - | - | - | - | - |
| 100 for 1 share split | 14,946,822 | - | - | - | - | - |
| Share consolidation / split costs | - | (35) | - | - | - | (35) |
| Net loss for the period | - | - | - | (246) | - | (246) |
| Other comprehensive loss | - | - | - | - | (598) | (598) |
| Balance, May 31, 2017 | 15,097,800 | \$ 58,498 | \$ - | \$ (56,418) | \$ (598) | \$ 1,482 |

The accompanying notes are an integral part of the consolidated financial statements.

KURE TECHNOLOGIES, INC.

(Formerly Unique Broadband Systems, Inc.)

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)

(Unaudited)

For the

| | Three months ended May 31, | | Nine months ended May 31, | |
|---|----------------------------|---------|---------------------------|----------|
| | 2017 | 2016 | 2017 | 2016 |
| <hr/> | | | | |
| Cash flows from operating activities | | | | |
| Loss before comprehensive loss for the period | \$ (93) | \$ (73) | \$ (246) | \$ (371) |
| Loss on sale of ONEnergy Inc. shares | - | - | 81 | 3 |
| Change in non-cash operating assets and liabilities | | | | |
| Accounts receivable and other receivables | (15) | (13) | (15) | 51 |
| Jolian Parties receivable | (85) | - | (115) | - |
| Prepaid expenses and deposits | 13 | 16 | (15) | 23 |
| Accounts payable and accrued liabilities | 185 | (204) | 124 | (236) |
| Interest earned on investments | - | - | - | (1) |
| Decrease in restricted cash | - | - | - | 50 |
| Cash provided by (used in) operating activities | 5 | (274) | (186) | (481) |
| <hr/> | | | | |
| Financing activities | | | | |
| Shares issued on rights offering | - | 504 | - | 504 |
| Shares returned to treasury | (16) | - | (16) | - |
| Treasury costs | (35) | (94) | (35) | (94) |
| Cash provided by (used in) financing activities | (51) | 410 | (51) | 410 |
| <hr/> | | | | |
| Investing activities | | | | |
| Cash received on sale of ONEnergy Inc. shares | - | - | 66 | 5 |
| (Purchase) redemption of short-term investments | 51 | (51) | 51 | (51) |
| Cash provided by (used in) investing activities | 51 | (51) | 117 | (46) |
| Increase (decrease) in cash | 5 | 85 | (120) | (117) |
| Cash, beginning of period | 24 | 139 | 149 | 341 |
| Cash, end of period | \$ 29 | \$ 224 | \$ 29 | \$ 224 |

The accompanying notes are an integral part of the consolidated financial statements.

KURE TECHNOLOGIES, INC.

(Formerly Unique Broadband Systems, Inc.)

Notes to Condensed Consolidated Interim Financial Statements

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

For the three and nine months ended May 31, 2017 and 2016

(Unaudited)

1. Nature of operation and going concern

Kure Technologies, Inc. (the "Company"), formerly Unique Broadband Systems, Inc., was incorporated May 22, 1998 under the Business Corporations Act of Ontario.

At the Company's Annual General and Special Meeting of Shareholders ("AGSM") which was held on February 28, 2017, shareholders approved (i) the consolidation (the "Consolidation") and split (the "Split") of its common shares (the "Share Change") (note 10), and (ii) the change of the name of the Company to Kure Technologies, Inc. (the "Name Change").

On March 16, 2017, the Company filed articles of amendment to finalize the Name Change.

The Company is currently looking for business opportunities. The Company's shares are listed for trading on the NEX, a separate board of the TSX Venture Exchange, under the symbol of "KUR.H". The address of the Company's head office and registered and records office is 365 Bay Street, Suite 800, Toronto, Ontario M5H 2V1.

Kure Technologies, Inc. is a publicly listed Canadian company. 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 consolidated 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. To date, the Company has an accumulated deficit of \$56,418. 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 consolidated 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, while substantial, 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.

KURE TECHNOLOGIES, INC.

(Formerly Unique Broadband Systems, Inc.)

Notes to Condensed Consolidated Interim Financial Statements

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

For the three and nine months ended May 31, 2017 and 2016

(Unaudited)

2. Summary of significant accounting policies

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors on July 19, 2017.

(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, 2016.

(b) Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except for the investment in ONEnergy Inc. ("ONEnergy").

(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. 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 IFRS, and determined that the following may have an impact on the Company:

The IASB published IFRS 9, "Financial Instruments" ("IFRS 9"), which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, substantially overhauls accounting requirements related to hedging and introduces a new credit loss impairment model. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of determining the impact on its financial statements.

KURE TECHNOLOGIES, INC.

(Formerly Unique Broadband Systems, Inc.)

Notes to Condensed Consolidated Interim Financial Statements

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

For the three and nine months ended May 31, 2017 and 2016

(Unaudited)

4. Cash

(a) Cash

As at May 31, 2017, the Company held \$29 of cash (August 31, 2016 - \$149) and no cash equivalents.

(b) Short-term investments

As at May 31, 2017, Kure held \$nil in short-term investments (August 31, 2016 – \$51), which included a fully cashable guaranteed investment certificate (“GIC”) with original maturity of one year and an effective annual interest rate of 0.71%. The fair value of short-term investments was valued using Level 1 inputs.

5. Accounts receivable and other receivables

As at May 31, 2017, accounts receivable and other receivables totaled \$23 (August 31, 2016 - \$8), representing GST/HST receivable.

6. Jolian Parties receivable

The Company is seeking 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 and pre- and post-judgment interest (notes 15 and 18). A summary of the receivable is outlined in the following table:

| | May 31, 2017 | August 31, 2016 |
|--|-----------------|--------------------|
| Cost orders | \$ 1,384 | \$ 1,384 |
| Disgorgement order | 200 | 200 |
| Accrued pre- and post-judgement interest | 112 | 76 |
| Jolian Parties Recovery | 1,696 | 1,660 |
| Garnishments received | (8) | - |
| Impairment of receivable from Jolian Parties | (489) | (489) |
| Estimation of collection costs | (277) | (364) |
| Net receivable | \$ 922 | \$ 807 |

The Company is continuing its efforts to collect amounts owed and believes that it will recover all monies from the Jolian Parties. However, there are costs associated with the collection of the debt which may not be fully recoverable. There is also risk in the amount and timing of the cash flows. Accordingly, the Company made an estimate of collection costs in the amount of \$400.

KURE TECHNOLOGIES, INC.

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Notes to Condensed Consolidated Interim Financial Statements

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For the three and nine months ended May 31, 2017 and 2016

(Unaudited)

6. Jolian Parties receivable (continued)

During fiscal 2017, Kure received garnished funds from the Jolian Parties totaling \$8 (fiscal 2016 - \$nil), recorded \$36 in accrued interest on the Jolian receivable (fiscal 2016 - \$76), and \$87 in collection costs (fiscal 2016 - \$36).

The Company has recorded an impairment of \$489 reflecting the uncertainty of the amount and timing of collection. While there exists uncertainty as to the timing and collection of this receivable, the Company is vigorously pursuing all available means to fully realize on the receivable and will seek to recover its full costs associated with doing so.

If the amount is fully recovered, the difference between the proceeds and the carrying value will be credited to net income.

7. Prepaid expenses and deposits

The Company's prepaid expenses and deposits, as at May 31, 2017 and August 31, 2016, are summarized in the following table:

| | May 31, 2017 | August 31, 2016 |
|--------------------------------|-----------------|--------------------|
| Legal retainers ⁽¹⁾ | \$ 8 | \$ 8 |
| Other | 20 | 5 |
| Total | \$ 28 | \$ 13 |

⁽¹⁾ Funds are held in trust with law firms for, among other things, legal advice with regard to the Jolian Parties recoveries.

8. Investment in ONEnergy Inc.

As at August 31, 2016 the Company held 2,546,500 common shares in ONEnergy (TSXV:OEG).

During the first quarter of fiscal 2017, the Company sold 71,000 shares in ONEnergy for gross proceeds of \$46, and 47,000 shares during the second quarter of fiscal 2017 for gross proceeds of \$20. As at May 31, 2017, the economic and voting interest of ONEnergy was 10.1%.

Shares in ONEnergy are currently halted pending the results of a proposed acquisition which, according to ONEnergy's public filings, is anticipated to be completed during September, 2017.

The value of the Company's 2,428,500 shares of ONEnergy as at May 31, 2017, based on the bid price of its common shares of \$0.375 as at December 21, 2016 (the halt date), was \$911 (August 31, 2016 - \$0.65; \$1,656).

KURE TECHNOLOGIES, INC.

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Notes to Condensed Consolidated Interim Financial Statements

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(Unaudited)

9. Accrued liabilities

The Company's accrued liabilities, as at May 31, 2017 and August 31, 2016, are summarized in the following table:

| | May 31, 2017 | August 31, 2016 |
|---------------------------------------|-----------------|--------------------|
| HST on cost recoveries ⁽¹⁾ | \$ 151 | \$ 152 |
| Professional expenses ⁽²⁾ | 43 | 97 |
| Legal expenses | 56 | 44 |
| Compensation accruals ⁽³⁾ | 42 | - |
| Board fees ⁽⁴⁾ | 15 | - |
| Other | - | 1 |
| Total | \$ 307 | \$ 294 |

⁽¹⁾ The HST portion of funds recovered from the Jolian Parties is adjusted on receipt of cash.

⁽²⁾ Includes costs associated with the Company's audit, tax reporting and annual general meeting requirements.

⁽³⁾ Includes consulting fees accrued for services rendered by the Company's CEO.

⁽⁴⁾ Includes accrued director fees for the Company's Board of Directors.

10. Share capital

(a) Authorized

Unlimited common shares

Unlimited Class A non-voting shares

(b) Issued and outstanding

As at August 31, 2016, Kure had 153,144,590 common shares (the "Common Shares") and no Class A non-voting shares issued and outstanding, totaling \$58,549.

On March 16, 2017, the Company completed the Share Change which was approved at the Company's AGSM on February 28, 2017. The basis of the Consolidation was one post-Consolidation Common Share for each 1,000 pre-Consolidation Common Shares. The holders of less than 1,000 common shares were paid cash consideration equal to that number of common shares held by the holder prior to the Share Change multiplied by \$0.0075. On March 30, 2017, approximately 2,167,000 pre-Consolidation common shares were returned to treasury and \$16 was paid out.

Immediately following the Consolidation, the remaining Common Shares were split on the basis of 100 post-Split Common Shares for each one post-Consolidation Common Share. As a result, as at May 31, 2017 and July 19, 2017, approximately 15,097,800 common shares in Kure were issued and outstanding.

KURE TECHNOLOGIES, INC.

(Formerly Unique Broadband Systems, Inc.)

Notes to Condensed Consolidated Interim Financial Statements

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

For the three and nine months ended May 31, 2017 and 2016

(Unaudited)

10. 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 1,976,540 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 May 31, 2017 and August 31, 2016, no stock options were issued or outstanding.

11. Segment disclosure

There were no recorded revenues for the three and nine months ended May 31, 2017 and 2016.

12. General and administrative

During the three and nine months ended May 31, 2017, the Company recorded general and administrative expenses of \$94 and \$116 respectively (May 31, 2016 - \$30 and \$238 respectively).

13. 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 and nine months ended May 31, 2017 totaled \$18 and \$54 (May 31, 2016 - \$43 and \$129) respectively, which included \$5 and \$15 for director fees (May 31, 2016 - \$17 and \$52) respectively and \$13 and \$39 respectively to the CEO of the Company (May 31, 2016 - \$25 and \$76) respectively.

14. Income taxes

As at May 31, 2017, Kure had \$20,256 in non-capital income tax losses with expiry dates between 2027 and 2036, SRED pool carryforwards of \$11,545, capital loss carryforwards of \$23,294, share issuance costs of \$75, and non-tax deductible reserves of \$242.

KURE TECHNOLOGIES, INC.

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Notes to Condensed Consolidated Interim Financial Statements

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

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(Unaudited)

15. Contingencies

Jolian claims

The Company was successful in defending, at trial and on appeal, all claims brought by the Jolian Parties in respect of certain contingent awards approved by the previous directors in 2009 and claims for enhanced severance. The Company was awarded costs, for both the trial heard in February and March 2013 (“Jolian Trial”) and the appeal and cross-appeal heard on June 17, 2014, totaling \$1,384.

The Jolian Parties’ claim for indemnification was disallowed during the Jolian Trial and was upheld on appeal. The Jolian Parties were ordered to repay Kure the \$200 legal retainer advanced to their counsel, pursuant to a disgorgement order. Accordingly, the total owed to Kure by the Jolian Parties is \$1,584. The Company is seeking recovery of the cost and disgorgement orders and pre- and post-judgment interest, which has been recorded in Jolian Parties receivable (Notes 6 and 18). During the first quarter of 2017, the company received \$8 in garnished funds from the Jolian Parties.

16. Management of capital

The Company’s overall strategy with respect to management of capital is to provide the financial capacity and flexibility in order to preserve its ability to meet its strategic objectives and financial obligations and continue as a going concern. This is effected by offsetting less liquid strategic investment holdings with low-risk highly-liquid cash accounts and, from time to time, short-term deposits.

The Company currently does not use other sources of financing that 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.

17. 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.

KURE TECHNOLOGIES, INC.

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Notes to Condensed Consolidated Interim Financial Statements

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For the three and nine months ended May 31, 2017 and 2016

(Unaudited)

17. Financial instruments and risk management (continued)

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 (Notes 6, 15 and 18).

Interest rate risk

The Company had no significant exposure to interest rate risk through its financial instruments as at May 31, 2017 and August 31, 2016.

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 note 16, in normal circumstances (note 8).

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.

18. Subsequent events

(a) ONEnergy litigation update

On June 1, 2017, the Ontario Superior Court of Justice granted judgement in favour of ONEnergy against the Jolian Parties in the amount of \$5,766, plus legal costs and interest.

(b) Jolian Parties update

Kure has been advised by the Trustee for the Jolian Parties that, on June 26, 2017, both Jolian Investments Ltd. and Gerald McGoey filed Notices of Intention to Make a Proposal pursuant to Section 50 of the Bankruptcy and Insolvency Act. Kure is awaiting the respective proposals and will assess its course of action when they are received in due course.