

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

**KURE TECHNOLOGIES, INC.**

*(formerly Unique Broadband Systems, Inc.)*

Three and six months ended February 28, 2017  
and February 29, 2016

---

**KURE TECHNOLOGIES, INC.**

*(Formerly Unique Broadband Systems, 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, 2017 and February 29, 2016

April 24, 2017

**1. INTRODUCTION**

This management's discussion and analysis ("MD&A") of financial condition and result of operations of Kure Technologies, Inc. (formerly Unique Broadband Systems, 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, 2017 and February 29, 2016.

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..

**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:

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.

---

### 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 "Contingencies". 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" and "Contingencies" 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

#### Share consolidation and split and name change

At the Company's Annual General and Special Meeting of Shareholders 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"), and (ii) the change of the name of the Company to Kure Technologies, Inc. ("Kure").

In connection with the Share Change, 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 2,080,000 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. Approximately 15,107,000 common shares in Kure were issued and outstanding as at March 30, 2017.

These efforts have positioned the Company with a more streamlined cost structure and a renewed brand going forward.

#### Debt collections

During fiscal 2017, the Company has been focused on advancing its collection efforts of funds owed by a former Chief Executive Officer ("CEO") (refer to the section entitled "Contingencies – Jolian claims").

### 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. Effective March 17, 2017, Kure began trading under the symbol KUR.H. Kure's head office is located in Toronto, Ontario. Historically, the Company traded under the symbol UBS.H.

#### 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 settlement of the Company's CCAA proceedings and its current investment in ONEnergy Inc. ("ONEnergy").

Kure may 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 and six months ended February 28, 2017 and February 29, 2016 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, 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 February 28, 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 June, 2017.

The value of the Company's 2,428,500 shares of ONEnergy as at February 28, 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).

The Company accounts for its investment using the fair value method, and this asset is classified as Available For Sale ("AFS").

## 5. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements for the three and six months ended February 28, 2017 and February 29, 2016 include the accounts of Kure's wholly owned subsidiary, UBS Wireless Services Inc.. 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 and six months ended February 28, 2017 and February 29, 2016, 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, 2016.

## 7. RESULTS OF OPERATIONS

Highlights of the results for the three months ended February 28, 2017 include the following:

- Kure recorded a loss from operations of \$10, compared to \$164 for the three months ended February 29, 2016.
- As at February 28, 2017, Kure held cash and short-term investments totaling \$75, compared to \$200 as at August 31, 2016.

---

## Operating expense

	Three months ended		Six months ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Compensation	\$ 27	\$ 45	\$ 58	\$ 89
General and administrative	(9)	120	22	208
Total operating expense	\$ 18	\$ 165	\$ 80	\$ 297

## Compensation

Compensation expense includes wages, salaries and benefits.

During the three and six months ended February 28, 2017, the Company expensed \$27 and \$58 respectively in compensation (February 29, 2016 - \$45 and \$89 respectively).

## General and administrative expense (recovery)

General and administrative includes professional fees, board of director fees, general occupancy, other administrative overheads for the Company and costs associated with the CCAA claims process which terminated on December 23, 2015. A summary of the key components of general and administrative is set out below:

	Three months ended		Six months ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Professional fees	\$ -	\$ 93	\$ 27	\$ 151
Office and general	(9)	4	(5)	7
CCAA	-	23	-	50
Total general and administrative expenses	\$ (9)	\$ 120	\$ 22	\$ 208

## Professional fees

Professional fees include mainly corporate legal, audit, accounting, filing fees, insurance, and annual general meeting expenses.

During the three months ended February 28, 2017, the Company recorded general and administrative recovery of \$9 due mainly to \$16 in HST refunds, received from the Canada Revenue Agency pursuant to a review, which was expensed at year-end Fiscal 2016, partially offset by \$7 in operating expenses (February 29, 2016 - \$120 in expenses).

During the six months ended February 28, 2017, the Company recorded general and administrative expenses totaling \$22 (February 29, 2016 - \$208).

---

### CCAA expenses

CCAA expenses mainly included the fees of the Monitor and its corporate legal counsel, the Company's CCAA legal counsel, and costs arising from the advancement of the CCAA claims process which terminated on December 23, 2015.

During the three and six months ended February 29, 2016, CCAA expenses totaled \$23 and \$50 respectively.

### **Interest and financing charges**

Interest is earned on the Jolian Parties receivable and on short-term investments, as follows:

	Three months ended		Six months ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Jolian Parties receivable	\$ 16	\$ -	\$ 24	\$ -
Interest earned on investments	-	1	1	2
Total general and administrative expenses	\$ 16	\$ 1	\$ 25	\$ 2

### **Income taxes**

As at February 28, 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.

### **Loss and comprehensive loss**

The loss before comprehensive loss for the three and six months ended February 28, 2017 amounted to \$10 and \$136 respectively, and the loss and comprehensive loss totaled \$433 and \$734 respectively, or a weighted average loss per share of \$0.003 and \$0.005 (basic and diluted).

The loss before comprehensive loss for the three and six months ended February 29, 2016 amounted to \$164 and \$298 respectively, and the loss and comprehensive loss totaled \$228 and \$1,315 respectively, or a weighted average loss per share of \$0.002 and \$0.013 (basic and diluted).

## 8. QUARTERLY FINANCIAL RESULTS

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

	Fiscal 2017		Fiscal 2016				Fiscal 2015	
	Feb 28	Nov 30	Aug 31	May 31	Feb 29	Nov 30	Aug 31	May 31
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expense before interest	(18)	(62)	(83)	(73)	(165)	(132)	(16)	(266)
Interest income	16	9	79	-	1	1	1	3
Loss on sale of ONEnergy shares	(8)	(73)	-	-	-	(3)	(106)	-
Impairment of accounts receivable	-	-	(489)	-	-	-	(400)	-
Impairment of investment in ONEnergy <sup>(1)</sup>	-	-	(1,491)	-	-	-	-	-
Income/(loss) before comprehensive income (loss)	(10)	(126)	(1,984)	(73)	(164)	(134)	(521)	(263)
Fair value adjustment in ONEnergy <sup>(2)</sup>	(423)	(175)	675	(38)	(64)	(953)	(321)	598
Unrealized loss recognized in net loss <sup>(1)</sup>	-	-	1,491	-	-	-	-	-
Income/(loss) and comprehensive income/(loss) for the period	\$ (433)	\$ (301)	\$ 182	\$ (111)	\$ (228)	\$ (1,087)	\$ (842)	\$ 335
Income (loss) per share from operations – basic and diluted	\$(0.000)	\$(0.001)	\$(0.016)	\$0.000	\$(0.002)	\$(0.001)	\$(0.005)	\$(0.003)
Comprehensive income (loss) per share – basic and diluted	\$(0.003)	\$(0.001)	\$0.000	\$0.000	\$0.000	\$(0.010)	\$(0.003)	\$ 0.006
<b>Income (loss) per share</b>								
Basic and diluted <sup>(3)</sup>	\$(0.003)	\$(0.002)	\$(0.016)	\$(0.001)	\$(0.002)	\$(0.011)	\$(0.008)	\$ 0.003

<sup>(1)</sup> As at August 31, 2016, the Company realized losses in its investment in ONEnergy totaling \$1,491 due to a permanent decline in fair value.

<sup>(2)</sup> The Company accounts for its investment in ONEnergy using the fair value method.

<sup>(3)</sup> Quarterly income (loss) per share are not additive and may not equal the total income (loss) per share reported for fiscal 2016. This is due mainly to rounding and the effect of shares issued during the quarter ended May 31, 2016 on the weighted average number of shares outstanding.

## 9. LIQUIDITY AND CAPITAL RESOURCES

Kure held cash and short-term investments totaling \$75 as at February 28, 2017, compared to \$200 as at August 31, 2016. Cash totaling \$24 (August 31, 2016 - \$149) consists of all bank balances. Short-term investments totaling \$51 (August 31, 2016 - \$51) includes a fully cashable guaranteed investment certificate (“GIC”) with original maturity of one year from the purchase date and bears interest at an effective interest rate of 0.71%.

Cash used in operating activities for the three and six months ended February 28, 2017 was \$58 and \$191 respectively, compared to \$100 and \$207 for the three and six months ended February 29, 2016.

There were no financing activities during the three and six months ended February 28, 2017 and February 29, 2016.

Cash provided by investing activities totaled \$20 and \$66 respectively for the three months and six months ended February 28, 2017, due to cash received on the sale of ONEnergy shares (refer to the section entitled “Investment in ONEnergy”).

Cash provided by investing activities totaled \$51 and \$5 respectively for the three and six months ended February 29, 2016, due to the reclassification of restricted cash during the first quarter 2016 of \$50, the maturity of a \$50 GIC and interest received totaling \$1 during the second quarter 2016, and \$5 received from the sale of ONEnergy shares (refer to the section entitled “Investment in ONEnergy”).

---

Kure has incurred operating losses and negative cash flows from operations in recent years. Kure may 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 the Company'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 February 28, 2017 and 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.

In determining diluted loss per share for the three and six months ended February 28, 2017 and February 29, 2016, the weighted average number of shares outstanding was not increased as no options were issued or outstanding.

On March 17, 2017, the Company completed its share consolidation and split (refer to the section entitled "Significant current events – Share consolidation and split and name change"). As a result, as at April 24, 2017, there were approximately 15,107,000 common shares issued and outstanding.

## **11. STOCK BASED COMPENSATION**

As at February 28, 2017 and August 31, 2016, no stock options were issued or outstanding.

## **12. 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 six months ended February 28, 2017 totaled \$18 and \$36 (February 29, 2016 - \$43 and \$86) respectively, which included \$5 and \$10 for director fees (February 29, 2016 - \$18 and \$35) respectively and \$13 and \$26 respectively to the CEO of the Company (February 29, 2016 - \$25 and \$51 respectively).

## **13. 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.

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.

During fiscal 2017, Kure received garnished funds from the Jolian Parties totaling \$8 (fiscal 2016 - \$nil), recorded \$24 in accrued interest on the Jolian receivable (fiscal 2016 - \$76), and \$14 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.

#### Other

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'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.

---

## **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 "Contingencies – Jolian claims").

### Interest rate risk

The Company had no significant exposure to interest rate risk through its financial instruments as at February 28, 2017 and February 28, 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 the section entitled "Operating risks and uncertainties – Management of capital", in normal circumstances (refer to the section entitled "Investment in ONEnergy").

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.

## **15. PROPOSED TRANSACTIONS AND OFF BALANCE SHEET ARRANGEMENTS**

There are no proposed transactions or off balance sheet arrangements.

## **16. 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).

---

## **KURE TECHNOLOGIES, INC.**

*(Formerly Unique Broadband Systems, Inc.)*

Shareholder Information

---

### **Board of Directors and Officers**

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

Daniel S. Marks (Interim Chief Executive Officer)

Alex Dolgonos

### **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](mailto: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: [irinfo@tmx.com](mailto:irinfo@tmx.com)

### **Common shares**

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