



01 Communique Provides Quarterly Update on Business Developments and Third Quarter Fiscal 2020 Results

TORONTO, ON – September 10, 2020. 01 Communique Laboratory Inc. (the "Company") (ONE:TSX-V) is pleased to report that the Company made significant developments during the Third Quarter with:

- the signing of new business partnerships to market and sell IronCAP products,
- the release of IronCAP X v1.1 incorporating the technology in the June 2020 patent application,
- increased revenue resulting in close to breakeven financial results, and
- added capital to allow the Company to allot a further \$938,000 to continue advancing the growth of the Company's business and the development of products based on IronCAP technology.

The Company is continuing with sales and marketing activities to commercialize the recently released IronCAP X v1.1 and build partnerships with companies for the integration of the IronCAP API with third party applications.

Andrew Cheung, 01 Communique CEO, stated, "We are pleased with our new business partnership arrangements that are showcasing our IronCAP products. As we are focused on the growth of our business, the Company has made additional funds available to further advance our business and product marketing strategy." Mr. Cheung further stated, "We are seeing the success of our marketing activities through the substantial increase in usage in our remote access products, particularly in Japan with DoMobile. As the trend towards remote work continues due to the coronavirus pandemic, we anticipate that our remote access business will continue to show financial gains."

Business Development Highlights:

Business development activities have resulted in the signing of new partnerships during the third quarter with more agreements anticipated:

- In July, the Company entered into a Partnership Agreement with a global technology and system integration company headquartered in Montreal, Quebec. Under the agreement, 01 Communique would provide tools to showcase the strength of our IronCAP cryptographic system designed to ensure safety against cyber-attacks from not only the conventional world of computers today but also against future attacks from quantum computers.
- Also, in July the Company entered into a partnership agreement with leading Canadian cybersecurity firm Privacy Horizon Inc. ("Privacy Horizon" or "PHI") to sell IronCAP products. PHI enables organizations to build privacy and security controls more quickly, and IronCAP products are designed to protect users from cyber-attacks and personal information breaches.

In June the Company was issued a receipt for its U.S. Patent Application No.16/893,709 for a Cryptographic System and Method that facilitates sending encrypted emails to a recipient. In August IronCAP X v1.1 was released utilizing the June 9th patent application, offering a personal usage email encryption with a "seamless invitation" to automatically insert an invitation to non-IronCAP-X recipients to join IronCAP X and read the encrypted message. The end-to-end encryption of emails in IronCAP X is designed to offer complete protection and privacy for all our emails; including attachments.

During the Third Quarter, the Company's I'm InTouch remote access service user numbers have been on the rise, especially in Japan where it is marketed as DoMobile. As many companies have moved towards remote work in response to the coronavirus pandemic, this trend is expected to continue to show an increase in revenue.

In the Third Quarter, the Company strengthened its balance sheet with the completion of a non-brokered private placement of units ("Units"). Pursuant to the offering the Company issued a total of 1,683,334 Units raising aggregate gross proceeds of \$202,000. Each Unit was issued at a price \$0.12 and consists of one common share in the capital of the Company (a "Common Share") and one-half of one common share purchase warrant.

The Company had \$221,180 of cash and cash equivalents and GIC as at July 31. Subsequent to the end of the quarter warrants and options were exercised raising additional proceeds of \$717,000. Combined with the cash equivalents and GIC on hand at July 31st the Company has \$938,000 of cash available to fund the growth of the Company.

Third Quarter 2020 Fiscal Results

The Company reported a loss for its third quarter 2020, which ended July 31, 2020 of \$39,816 compared to a loss in 2019 of \$168,899. The Company reduced its adjusted loss for the quarter by \$121,748 from \$136,576 in 2019 to \$14,828 for the third quarter 2020. The adjusted loss excludes stock-based compensation and depreciation which are non-cash expenses.

Revenue for the quarter was \$235,160 compared to \$77,555 in 2019 an increase of \$157,605 a result primarily of the increase in business activity in Japan where the Company's partner, Hitachi Business Solution Creates Ltd. markets the Company's remote access service.

The cash operating expenses, which excludes stock-based compensation, were \$206,882 (2019 - \$190,058) an increase of \$17,118. The Company continues to make an investment in the development of products based on the IronCAP technology. In addition, the Company is executing sales and marketing activities to commercialize the recently released IronCAP X as well as continuing in efforts to build partnerships with companies for the integration of the IronCAP API with third party applications.

Conference Call Reminder and Information:

01 Communique will host a live teleconference allowing for questions and answers later today, Thursday September 10th at 10:00AM EST to discuss the Company's results as well as providing an update on the business prospects for IronCAP and IronCAP X.

Thursday September 10th at 10:00 AM

Dial in Numbers:

Within Canada (647) 374-4685 or (647) 558-0588

Within the USA (312) 626-6799

Webinar ID when prompted is 832 7263 0612

Passcode: 8704106

About IronCAP and IronCAP X:

IronCAP is at the forefront of the cyber security market and is designed to protect our customers from cyber-attacks. IronCAP's patent-pending cryptographic system is designed to protect users and enterprises against the ever-evolving illegitimate and malicious means of gaining access to their data today as well as in the future with the introduction of powerful quantum computers. Based on improved Goppa code-based encryption it is designed to be faster and more secure than current standards. It operates on conventional computer systems, so users are protected today while being secure enough to safeguard against future attacks from the world of quantum computers. An IronCAP API is available which allows vendors of a wide variety of vertical applications to easily transform their products to ensure their customers are safe from cyber-attacks today and from quantum computers in the future.

IronCAP X, a new cybersecurity product for email/file encryption, incorporating our patent-pending technology was made available for commercial use on April 23, 2020. The new product has two major differentiations from what is in the market today. Firstly, many offerings in today's market store users secured emails on email-servers for recipients to read, making email-servers a central target of cyber-attack. Our new product, on the other hand, delivers each encrypted message end-to-end to the recipients such that only the intended recipients can decrypt and read the message. Consumer's individual messages are protected, eliminating the hackers' incentive to attack email servers of email providers. Secondly, powered by our patent-pending IronCAP technology, we believe our new product will be the world's first quantum-safe end-to-end email encryption system; secured against cyberattacks from today's systems and from quantum computers in the future. Consumers and businesses using our new products will have tomorrow's cybersecurity today.

About 01 Communique

Established in 1992, 01 Communique (TSX-V: ONE) has always been at the forefront of technology. The Company's cyber security business unit focuses on post-quantum cybersecurity with the development of its IronCAP technology. IronCAP's patent-pending cryptographic system is an advanced Goppa code-based post-quantum cryptographic technology that can be implemented on classical computer systems as we know them today while at the same time can also safeguard against attacks in the future post-quantum world of computing. The Company's remote access business unit provides its customers with a suite of secure remote access services and products under its I'm InTouch and I'm OnCall product offerings. The remote access offerings are protected in

the U.S.A. by its patents #6,928,479 / #6,938,076 / #8,234,701; in Canada by its patents #2,309,398 / #2,524,039 and in Japan by its patent #4,875,094. For more information, visit the Company's web site at www.ironcap.ca and www.01com.com.

Cautionary Note Regarding Forward-looking Statements.

Certain statements in this news release may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this news release, such statements use such words as “may”, “will”, “expect”, “believe”, “plan”, “intend”, “are confident” and other similar terminology. Such statements include statements regarding the commercial success of IronCAP X, the future of quantum computers and their impact on the Company's product offering, the functionality of the Company's products and the intended product lines for the Company's technology and the potential licensing of the Company's technology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this news release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under “Risk and Uncertainties” in the Company's Management's Discussion and Analysis document filed on SEDAR. Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward looking statements. These forward-looking statements are made as of the date of this news release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Neither TSX Venture Exchange (“TSX-V”) nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Financial Position
As at July 31, 2020 and October 31, 2019

	31-July-20	31-Oct-19
Assets		
Current assets		
Cash and cash equivalents	\$ 111,180	\$ 283,712
Guaranteed investment certificate	110,000	300,000
Accounts receivable	243,351	96,055
Prepaid expenses and other assets	16,972	11,124
	<u>481,503</u>	<u>690,891</u>
Right-of-use asset	30,400	-
Plant and equipment	14,411	16,335
Total assets	<u><u>\$ 526,314</u></u>	<u><u>\$ 707,226</u></u>
Liabilities and Shareholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities	\$ 110,131	\$ 140,962
Deferred revenue	9,542	8,907
Lease liability	30,482	-
Liability component of debenture	387,596	390,703
	<u>537,751</u>	<u>540,572</u>
Shareholders' deficit		
Share capital	41,525,845	41,414,233
Contributed surplus	5,765,666	5,668,916
Share purchase warrants	690,935	598,247
Agent compensation options	108,400	99,200
Deficit	(48,097,283)	(47,613,942)
	<u>(11,437)</u>	<u>166,654</u>
Total liabilities and shareholders' deficit	<u><u>\$ 526,314</u></u>	<u><u>\$ 707,226</u></u>

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Operations and Comprehensive Income
For the 3 and 9 month periods ended July 31, 2020 and 2019

	<i>for the 3 months ended</i>		<i>for the 9 months ended</i>	
	<u>31-Jul-20</u>	<u>31-Jul-19</u>	<u>31-Jul-20</u>	<u>31-Jul-19</u>
Revenue	\$ 235,160	\$ 77,555	\$ 349,827	\$ 202,275
Expenses:				
Selling, general and administrative	111,153	122,520	415,724	403,669
Research and development	120,717	99,862	323,215	279,040
	<u>231,870</u>	<u>222,381</u>	<u>738,939</u>	<u>682,708</u>
Profit (loss) before accretion on liability component of debenture, interest, other income, and taxes	3,290	(144,826)	(389,112)	(480,433)
Interest on debenture	15,000	15,000	45,000	45,000
Accretion on liability portion of debenture	4,535	4,114	13,832	13,411
Loss before other income, expense, and taxes	<u>(16,245)</u>	<u>(163,940)</u>	<u>(447,944)</u>	<u>(538,844)</u>
Interest income	-	2,184	875	4,894
Interest expense	671	-	2,100	-
Loss before taxes	<u>(16,916)</u>	<u>(161,756)</u>	<u>(449,169)</u>	<u>(533,950)</u>
Withholding taxes	22,900	7,143	34,172	18,301
Loss for the period and comprehensive loss	<u>\$ (39,816)</u>	<u>\$ (168,899)</u>	<u>\$ (483,341)</u>	<u>\$ (552,251)</u>
Basic	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares				
Basic	80,985,653	76,624,733	80,243,450	76,624,733
Diluted	80,985,653	76,624,733	80,243,450	76,624,733

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Cash Flows
For the 3 and 9 month periods ended July 31, 2020 and 2019

	<i>three months ending</i>		<i>nine months ending</i>	
	<u>31-Jul-20</u>	<u>31-Jul-19</u>	<u>31-Jul-20</u>	<u>31-Jul-19</u>
Cash provided by (used in):				
Operating activities:				
Comprehensive loss for the period	\$ (39,816)	\$ (168,899)	\$ (483,341)	\$ (552,251)
Adjustments to reconcile loss for the period to net cash flows from operating activities:				
Depreciation of property and equipment	1,388	1,241	4,340	3,937
Amortization of right-of-use asset	11,061	-	33,183	-
Stock-based compensation expense	23,600	31,082	96,750	114,578
Accretion on liability portion of debenture	4,535	4,114	13,832	13,411
Interest income	-	(2,184)	(875)	(4,894)
Change in non-cash working capital	(188,623)	(37,146)	(152,858)	(95,772)
	<u>(187,855)</u>	<u>(171,792)</u>	<u>(488,969)</u>	<u>(520,991)</u>
Interest income received	-	2,184	875	4,894
	<u>(187,855)</u>	<u>(169,608)</u>	<u>(488,094)</u>	<u>(516,097)</u>
Financing activities:				
Increase in lease liabilities	-	-	7,715	-
Proceeds from guaranteed investment certificate	-	150,000	190,000	500,000
Proceeds from private placement	202,000	437,000	202,000	437,000
Issuance costs on private placement	(10,438)	(31,380)	(10,438)	(31,380)
Cash provided by financing activities	<u>191,562</u>	<u>150,000</u>	<u>389,277</u>	<u>905,620</u>
Investing activities:				
Decrease in lease liabilities	(7,715)	-	(7,715)	-
Right-of-use asset	-	-	(63,583)	-
Purchase of property and equipment	(266)	-	(2,417)	(5,245)
Cash used in investing activities	<u>(7,981)</u>	<u>-</u>	<u>(73,715)</u>	<u>(5,245)</u>
Increase (decrease) in cash and cash equivalents	(4,274)	386,012	(172,532)	384,278
Cash and cash equivalents, beginning of period	115,454	112,026	283,712	113,760
Cash and cash equivalents, end of period	<u>\$ 111,180</u>	<u>\$ 498,038</u>	<u>\$ 111,180</u>	<u>\$ 498,038</u>

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