



01 Communique Provides Update on Business Developments and Fourth Quarter Fiscal 2023 Results

TORONTO, ON – January 25, 2024. 01 Communique Laboratory Inc. (the "Company") (TSX-V: ONE; OTC Pink Sheets: OONEF), one of the first-to-market, enterprise level cybersecurity providers for the quantum computing era, is pleased to report the Company's fourth quarter fiscal 2023 results, which ended October 31, 2023.

Andrew Cheung, CEO of the Company, commented, "With the announcement from IBM in December 2023 breaking the barrier of 1000 qubits, global recognition of the threat from quantum computers has never been higher. The National Institute of Standards and Technologies (NIST) has published a number of standards in respect of Post-Quantum Cryptography (PQC) which we incorporated in the development of IronCAP™. We are confident IronCAP™ will withstand any threat posed by quantum computers. We have completed development of a number of very practical PQC applications such as our quantum-safe email, quantum-safe blockchain, quantum-safe remote access, etc., I am confident that IronCAP™ will add significant value to help our partners provide enhanced security against bad actors using quantum computers."

Andrew Cheung continued, "As previously announced, now that the major portion of our development efforts having been completed, we have reduced our operating expenses. We have also changed our focus to revenue generating integrations and feature enhancements for our partners. The reduction in expenses is reflected in our results. Going forward, we plan to monitor operating expenses closely with a goal to keep them in line with our ongoing recurring royalty revenue."

Operational Highlights:

- In July 2023 the Company announced a technology partnership with Keyfactor, providing an identity-first security solution for modern enterprises. The partnership calls for development and joint marketing of quantum-safe X.509 certificates for the Enterprise Certification Authority solution, EJBCA, as well as cybersecurity solutions for global businesses, organizations, and governments to help them achieve cyber resilience. This partnership marks a significant step towards a secure digital landscape, ensuring peace of mind for organizations and individuals in the face of evolving cyber threats.
- In June 2023 the Company's quantum-safe blockchain endpoints protection patent was officially issued in the US (patent # 11,669,833). The patent can be found on the USPTO site.
- In June 2023 the Company received a notice of allowance for its Japanese patent application #2020-534978 about the IronCAP Modern McEliece code-based post-quantum cryptography technology. The official patent issuance is in process.
- In June 2023 the Company announced the release of IronCAP X™ v2.0, the world's first Quantum-safe encryption service for business email that provides end-to-end security. IronCAP X™ v2.0 was developed with simplicity and security in mind. The underlying technology is patent-protected providing end-to-end security for emails against attacks by any bad actor. From the time the email is sent until the time it is received and read by the authenticated recipient it remains fully encrypted without any decryption along the way. Using National Institute of Standards and Technology ("NIST") approved algorithms IronCAP X™ v2.0 is safe from attacks by sophisticated hackers including those using Quantum Computers. Incorporating an IronCAP™ protected email digital signature ensures the sender is the real sender and not an impersonated one. This provides an extra layer of security which helps solve the infamous email phishing issue, which is the major way used by hackers to hijack emails gaining access to computer systems and being held for ransom. IronCAP X™ v2.0 is offered

in two versions. A free version is available for personal usage and a business version is available with central management tools for IT managers which can be subscribed at \$9.95 per month or \$99.95 per year.

- In January 2023 the Company completed the integration of IronCAP™ into one of the Company's partners' military-grade Hardware Security Modules ("HSM") providing military grade protection for users' data and critical applications. This partnership was designed to develop and joint-market quantum-safe cybersecurity solutions for global businesses, organizations and governments to ensure cyber resilience in the post quantum environment. Now the Company's partner can add IronCAP™ FM ("Functional Module") making PQC functionality seamless while conforming with the latest standards set by NIST. The parties have commenced joint-marketing activities.

Financial Highlights:

- The loss for the fourth quarter was \$167,660 (2022 - \$181,242). The adjusted loss excluding stock-based compensation and depreciation, which are non-cash expenses, for the fourth quarter was \$125,457 (2022 - \$161,352) a reduction of \$35,895. The Company completed the year with \$352,540 of cash and a GIC.
- Revenue for the fourth quarter of 2023 was \$133,709 (2022 - \$244,183) a decrease of \$110,474. In 2022 revenue included a one-time royalty from the Company's remote access server business. In addition, revenue was negatively impacted by a weakening of the Japanese Yen to the Canadian dollar. Recurring royalties from the Company's remote access service have levelled off in the latter part of fiscal 2023. For the third quarter 2023 revenue was \$102,205 compared to \$130,310 for the fourth quarter 2023 an increase of \$28,105.
- Cash operating expenses which exclude stock-based compensation and depreciation for the fourth quarter were \$248,254 (2022 - \$443,811) a reduction of \$195,557.
 - Product development expenses decreased by \$204,586 with expenses being curtailed during fiscal 2023 as a number of development projects were completed.
 - SG&A expenses, net of stock-based compensation were \$199,459 (2022 - \$189,312). In fiscal 2023 included is a one-time charge of \$31,500 for the write down of the investment in Talent Summit as a precaution for a prolonged crypto winter.
 - The Company has reduced ongoing cash operating expenses with a goal to keep them in line with ongoing recurring revenue.

Conference Call Reminder and Information:

01 Communique will host a live teleconference allowing for questions and answers later today at 10:00AM EST (January 25, 2024) to discuss the Company's results as well as providing an update on the business prospects for IronCAP™ and IronCAP X™.

Browser (please cut-and-paste the following link into your browser):

<https://us02web.zoom.us/j/83272630612?pwd=cEdhZGhRU3BQMjBGOWRIY1dtcjA4dz09>

Passcode: ironcap24

Dial-in:

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

Within the USA (646) 558 8656 or (669) 900 9128

Webinar ID when prompted is 832 7263 0612

Passcode: 046969719

About 01 Communique

Established in 1992, 01 Communique (TSX-V: ONE; OTC Pink Sheets: OONEF) 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™ product line. IronCAP™'s technologies are patent-protected in the U.S.A. by its patents #11,271,715 and #11,669,833. 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 October 31, 2023 and 2022

| | 31-Oct-23 | 31-Oct-22 |
|---|-------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 272,540 | \$ 487,179 |
| Guaranteed investment certificate | 80,000 | 150,000 |
| Accounts receivable | 87,966 | 316,270 |
| Prepaid expenses and other assets | 6,060 | 64,131 |
| Total current assets | 446,566 | 1,017,580 |
| Property and equipment | 37,375 | 90,911 |
| Investment | - | 1,500 |
| Total assets | \$ 483,941 | \$ 1,109,991 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 145,989 | \$ 272,784 |
| Deferred revenue | 4,009 | 5,487 |
| Current portion of lease liability | 19,878 | 46,349 |
| Current portion of Canadian emergency business account loan | 40,000 | - |
| Total current liabilities | 209,876 | 324,620 |
| Non-current liabilities: | | |
| Lease liability | - | 20,517 |
| Canadian emergency business account loan | - | 40,000 |
| Total liabilities | 209,876 | 385,137 |
| Shareholders' equity: | | |
| Share capital | 44,282,090 | 44,214,590 |
| Contributed surplus | 6,287,173 | 6,083,350 |
| Warrants | 16,875 | 16,875 |
| Deficit | (50,312,073) | (49,589,961) |
| Total shareholders' equity | 274,065 | 724,854 |
| Total liabilities and shareholders' equity | \$ 483,941 | \$ 1,109,991 |

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Operations and Comprehensive Income
For the 3 and 12 month periods ended October 31, 2023 and 2022

| | <i>three months ended</i> | | <i>for the years ended</i> | |
|--|---------------------------|---------------------|----------------------------|---------------------|
| | <u>31-Oct-23</u> | <u>31-Oct-22</u> | <u>31-Oct-23</u> | <u>31-Oct-22</u> |
| Revenue | \$ 133,709 | \$ 244,183 | \$ 474,491 | \$ 1,026,810 |
| Expenses: | | | | |
| Selling, general and administrative | 239,100 | 207,758 | 769,507 | 857,814 |
| Research and development | 51,357 | 255,942 | 391,347 | 815,836 |
| Withholding taxes | 13,031 | 23,985 | 45,896 | 75,508 |
| | <u>303,488</u> | <u>487,686</u> | <u>1,206,750</u> | <u>1,749,158</u> |
| Loss before other income and expense | (169,779) | (243,503) | (732,259) | (722,348) |
| Foreign exchange gain (loss) | (2,041) | 61,177 | (2,041) | 61,177 |
| Interest income | 5,076 | 2,712 | 15,343 | 4,482 |
| Interest expense | (916) | (1,628) | (3,155) | (5,315) |
| Loss for the period and comprehensive loss | <u>\$ (167,660)</u> | <u>\$ (181,242)</u> | <u>\$ (722,112)</u> | <u>\$ (662,004)</u> |
| Loss per common share | | | | |
| Basic | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |
| Diluted | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |
| Weighted average number of common shares | | | | |
| Basic | 96,364,554 | 95,575,831 | 96,296,746 | 94,850,618 |
| Diluted | 96,364,554 | 95,575,831 | 96,296,746 | 94,850,618 |

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Cash Flows
For the 3 and 12 month periods ended October 31, 2023 and 2022

| | <i>three months ended</i> | | <i>for the years ended</i> | |
|---|---------------------------|-------------------|----------------------------|-------------------|
| | <u>31-Oct-23</u> | <u>31-Oct-22</u> | <u>31-Oct-23</u> | <u>31-Oct-22</u> |
| Cash provided by (used in): | | | | |
| Operating activities: | | | | |
| Loss and comprehensive loss for the period | \$ (167,660) | \$ (181,242) | \$ (722,112) | \$ (662,004) |
| Adjustments to reconcile loss for the period to net cash flows from operating activities: | | | | |
| Depreciation of property and equipment | 2,562 | 1,444 | 9,848 | 6,555 |
| Amortization of right-of-use asset | 11,218 | 11,040 | 44,876 | 44,876 |
| Stock-based compensation expense | 39,641 | 18,446 | 203,823 | 160,053 |
| Fair value adjustment of investment | 1,500 | - | 1,500 | - |
| Change in non-cash working capital | <u>107,270</u> | <u>(166,838)</u> | <u>158,102</u> | <u>(53,736)</u> |
| | (5,469) | (310,416) | (303,963) | (497,522) |
| Financing activities: | | | | |
| Exercise of stock options | - | - | - | 14,000 |
| Exercise of warrants | - | - | - | 81,250 |
| Proceeds from private placement | - | 112,500 | 67,500 | 112,500 |
| Lease payments made | <u>(12,351)</u> | <u>(16,449)</u> | <u>(46,988)</u> | <u>(49,315)</u> |
| | (12,351) | 90,051 | 20,512 | 158,035 |
| Investing activities: | | | | |
| Proceeds from guaranteed investment certificate | - | - | 70,000 | - |
| Purchase of guaranteed investment certificate | - | (150,000) | - | (150,000) |
| Investment | - | - | - | (1,500) |
| Purchase of property and equipment | <u>-</u> | <u>(1,006)</u> | <u>(1,188)</u> | <u>(16,758)</u> |
| | - | (151,006) | 68,812 | (168,258) |
| Decrease in cash | (17,820) | (371,371) | (214,639) | (507,745) |
| Cash, beginning of period | <u>290,360</u> | <u>858,550</u> | <u>487,179</u> | <u>994,924</u> |
| Cash, end of period | <u>\$ 272,540</u> | <u>\$ 487,179</u> | <u>\$ 272,540</u> | <u>\$ 487,179</u> |

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