



**01 Quantum Inc.**

*(Formerly 01 Communique Laboratory Inc.)*

**Management's Discussion and Analysis**

**For the three and nine months ended July 31, 2025**

**ONE : TSX-V; OONEF : OTCQB**

**Dated: September 17, 2025**

# 01 QUANTUM INC.

Formerly 01 Communique Laboratory Inc.  
Management Discussion and Analysis  
(In Canadian dollars)

Three and nine months ended July 31, 2025 and 2024

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## 1. Introduction:

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A") has been prepared by management and is a review of the consolidated operating results and financial position of 01 Communique Laboratory Inc. ("01 Communique" or the "Company"), based upon International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the Company's unaudited consolidated financial statements and notes to the unaudited consolidated financial statements as at and for the three and nine months ended July 31, 2025.

The Company maintains appropriate systems of internal control, policies, and procedures that provide management reasonable assurance that assets are safeguarded and that its financial information is reliable.

This document and the related unaudited consolidated financial statements were authorized for issue by the board of directors on September 17, 2025.

All amounts are expressed in Canadian dollars unless otherwise stated. This MD&A is effective as of September 17, 2025.

Additional information on the Company, including its unaudited consolidated financial statements, is filed on SEDAR+.

## 2. Forward-looking Statements:

This MD&A contains certain statements that 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. Such statements use such words as "may", "will", "expect", "believe", "plan", "intend", "are confident" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this MD&A. 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, risk factors discussed in this MD&A. Although the forward-looking statements contained in this MD&A 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 MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

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### 3. Corporate Overview:

On September 10, 2025, shareholders voted overwhelmingly, 99.9% in favor, to rebrand the Company as **01 Quantum Inc.** This new identity underscores the Company's strategic emphasis on quantum-resilient cybersecurity solutions, which serves as its core focus. While the Company continues to operate two business units, the rebranding reflects a clear alignment with its primary mission which is safeguarding digital infrastructure against emerging quantum computing threats.

#### (A) Cybersecurity – IronCAP™ Technology.

The Company's primary focus is on its cybersecurity business, centered around the development and commercialization of its patented IronCAP™ technology. IronCAP™ is a Goppa code-based Post-Quantum Cryptography (PQC) software solution designed to run on today's classical computing systems while offering protection against future threats from quantum computers. This means IronCAP™ can be deployed today, on existing infrastructure to safeguard data against both current cyberattacks and those anticipated in the quantum computing era.

IronCAP™ is designed in alignment with NIST-approved standards for post-quantum cryptography, reinforcing its credibility and future-readiness. NIST, the National Institute of Standards and Technology, is a U.S. federal agency that develops and promotes measurement standards, including cryptographic guidelines used globally to ensure secure and interoperable technologies. NIST's post-quantum cryptography initiative is leading the global effort to standardize quantum-resistant algorithms.

IronCAP™ is positioned as a versatile solution with applications across multiple verticals, including:

- Blockchain and crypto networks
- Email and data security
- AI and machine learning platforms
- VPNs and remote access
- Financial transactions
- Cloud storage and website development
- Password protection and digital signing

The Company has released two initial products based on IronCAP™:

#### (i) IronCAP™ Toolkits

Available to vendors for building secure post-quantum systems in areas such as blockchain, 5G/IoT, data storage, VPNs, and digital signing. These toolkits comply with PKCS#11, OpenSSL, and OpenPGP standards.

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## (ii) IronCAP X™

IronCAP X™, a cybersecurity product for email/file encryption. This digital signature system is built by implementing the Company's patented technology to provide end-to-end encrypted messages. IronCAP X™ has two major differentiations from what is in the market today. Firstly, 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. IronCAP X™, 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 the Company's patent protected technology, the Company believes IronCAP X™ is the world's first quantum-safe, digital signature email system; secured against cyberattacks from today's systems and from quantum computers in the future. Consumers and businesses using the Company's new cybersecurity product will have tomorrow's cybersecurity today.

The Company is marketing the IronCAP™ Toolkits and IronCAP X™ v2.0 through a combination of forging partnerships to create awareness and grow revenue as well as marketing IronCAP X™ v2.0 through its web site. 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 can be subscribed at \$9.95 per month or \$99.95 per year.

## (iii) Products in Development

The Company is developing additional PQC-based solutions, including:

1. Quantum Crypto Wrapper (QCW). In conjunction with qLABS the Company is developing a technology that combines Zero-Knowledge Proofs (ZKP) with IronCAP™ to enable secure and compact validation of quantum-resistant transactions on existing blockchains. It eliminates the need for new Layer 1 chains or dedicated validator networks, offering a streamlined and scalable solution.
2. PQC-Compliant AI Platform. The Company is building a post-quantum secure artificial intelligence platform. In March 2025 the Company filed an U.S. Patent Application for the underlying technology supporting this endeavour. A demonstrable proof-of-concept is expected before the end of 2025.
3. Zero-Trust Remote Access Solution. In collaboration with Hitachi Solutions Create, Ltd. ("HSC") the Company is co-developing a PQC-enhanced version of a zero-trust remote access platform tailored for the Japanese market.
4. End-to-End Mobile Messaging Platform. The Company plans to develop what it believes will be the world's first PQC-compliant mobile messaging solution that offers true end-to-

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end encryption without a master key or backdoor. This product is intended to deliver an impenetrable communication experience for users seeking maximum privacy and security.

5. IronCAP X™ Expansion. The current version of IronCAP X™ supports Office Outlook for Windows. The Company is working to expand compatibility across platforms—including Windows, Mac, iOS, and Android—to deliver what it believes will be the first truly end-to-end PQC-compliant email and file encryption system for both personal and enterprise use.

There can be no guarantee that the development or commercialization of IronCAP™ technology will be successful or lead to significant revenues.

## **(B) Remote Access Products and Services – I'm InTouch & I'm OnCall.**

The Company has developed and markets through its web site a suite of products designed to meet the needs of mobile users who have a requirement for remote access and remote support. These products are marketed under the Company's I'm InTouch and I'm OnCall product lines and are available by a simple download from the Company's web site.

The Company has expended considerable resources in developing and marketing these products. To date these initiatives have not generated sufficient revenue for the Company to become profitable. As the Company moves forward, it plans to maintain its products and make them available from the Company's web site. There can be no assurance that these initiatives will lead to significant revenues for the Company.

The Company has formed a relationship with Hitachi Solutions Create whereby the companies have co-developed products for the Japanese market based on the Company's intellectual property portfolio. Hitachi Solutions Create retains exclusivity for marketing these products in Japan and the Company retains its marketing rights for the rest of the world.

There can be no guarantee that this relationship will continue to lead to an increase in revenues for the Company, or that the relationship will lead to other business opportunities which the Company is trying to secure.

## **4. Intellectual Property:**

The Company has been granted two patents in the U.S., one patent in Japan and has two U.S., two International PCT patent applications in process for its IronCAP™ technology:

- United States patent number 11,271,715 for a Cryptographic System and Method. Our invention relates to cryptographic systems and methods. More particularly, our invention relates to public key cryptographic systems and methods that can be used, for example, to build highly secure systems for data storage, access, encryption, decryption, digital signing, and

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digital signing verification. Our cryptographic system is expected to protect our customers against the ever-evolving illegitimate and malicious means of gaining access to their data.

- United States patent number 11,669,833 and International PCT Application No. US22-78536 for blockchain endpoint protection. Quantum security may be enhanced through the use of quantum-safe validators for transactions whereby the quantum-safe validators process quantum-safe addresses and signatures of parties to the transactions. Quantum safety may be added to conventional blockchain transactions, for example, via smart contracts which are executed using cryptographic interlocks to between conventional smart contract execution engines and quantum-safe validators to ensure both quantum-safe processing of addresses and signatures and legitimacy of quantum-safe validators in presenting transactions for incorporation on the chain.
- Japanese patent number 7,328,969 entitled (as translated) “A Cryptographic System and Method”.
- United States patent application No. 17/708,426 and International PCT No. IB-2022053537 for quantum-safe steganography technology which allows covert hiding of sensitive data in any ordinary digital media such as photos and audio/video clips. The ancient application of steganography technology is to “watermark”. 01 has revolutionized this technology for the post-quantum era by utilizing the Company’s patent-protected IronCAP™ cryptographic technology. This revolutionary technology can be applied to a broad range of applications including NFTs, digital wallets, digital proof of ownership, etc. An example of practical application is to hide the private key of a digital wallet as a “quantum-safe backup” instead of the current method of generating 24 random words on paper.
- United States patent application No. 63/774,297 for an artificial intelligence model marketplace system secures both models and user and data by managing computation-preserving-cryptography (CPC) encryption of data and models with public and private CPC user key pairs. Models can be encrypted by the marketplace system, model vendors, or third parties. e.g., in response to user requests to apply a model to their data to obtain a model prediction. Similarly, execution of the CPC encrypted models on CPC encrypted user data can be performed by the marketplace system, model vendors, or third parties. Selection of third parties for encryption and/or model execution work can be organized via staking mechanisms to create a secure, distributed, competitive marketplace for computational services.
- United States patent application No. 63/832,787 for protection against quantum computing spoofing of conventional blockchains by using quantum-safe (QS) address and QS signature verification, witness proofs, and/or Merkle trees of quantum security features such that QS operations can be confirmed by conventional validators within their computational and memory limits in executing conventional blockchain transactions; and the proofs of QS operations can be recorded within the storage limitations of conventional blockchains.

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The Company has a number of patents and patent applications which are incorporated in its I'm InTouch and I'm OnCall product and service offerings, as follows:

- United States patent number 6,928,479 (the "479 Patent") entitled "System, computer product and method for providing a private communication portal";
- United States patent number 6,938,076 entitled "System, computer product and method for interfacing with a private communication portal from a wireless device";
- United States patent number 8,234,701 entitled "System, method and computer program for remotely sending a digital signal(s) to a computer";
- Canadian patent number 2,524,039 entitled "System, method and computer program for remotely sending a digital signal(s) to a computer";
- Canadian patent number 2,309,398, entitled "A system, computer product and method for remotely accessing and controlling a networked computer";
- Japanese patent number 4,875,094 entitled (as translated) "Method of accessing and/or controlling target computer, involves directing proxy server to send digital signal to target computer, so that remote computer is permitted to access/control target computer on receipt of digital signal";
- Japanese patent number 5,832,027 entitled (as translated) "Private communication portal provision system for two-way pager network, has location facility computer for facilitating communication between two other computers"

## 5. Operational Highlights:

The operating focus for 2025 continues to be developing end user products that are PQC-compliant and to build revenue based on these products/services. The products in development are described in Section 3 Corporate Overview.

The Company believes it is at a pivotal moment, as commercial applications embedding its IronCAP™ technology begin to roll out. Recent partnerships are opening new markets and revenue streams for us. The business model consists of a mix of development fees with ongoing royalties from deployed applications or in the case of qLABS a share of proceeds from token sale, and a percentage of the quantum-safe tokens issued. The development portion of these projects is expected to generate positive cash flow with revenue recognized as milestones are achieved. The Company anticipates profitable revenue recognition in its fourth quarter 2025 and first quarter 2026 as along with its partners' preparation commences to launch the completed applications.

Beyond co-development and joint marketing arrangements, the Company also plans to directly market select applications when this approach offers the most effective go-to-market strategy.

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## **(A) Progress on recent partnership agreements are summarized below:**

### **(i) Strategic alliance with qLABS**

On July 29, 2025 the Company signed a strategic alliance agreement with qLABS, a newly launched crypto foundation focused on developing quantum-safe tokens secured on existing blockchains. Under the agreement, the Company receives one-time development fees based on milestones achieved, a share of proceeds from token sales and a percentage of the founders' token pool.

As quantum computing advances, it threatens the cryptographic systems that secure digital wallets, transactions, and smart contracts. qLABS was formed in anticipation of these risks and will serve as a launchpad for quantum-safe solutions developed in collaboration with 01 Quantum. The collaboration leverages advanced, patent-protected methods (US #63/832787) to retrofit public blockchains with quantum-resilient cryptography using IronCAP™ and novel zero-knowledge proof mechanisms.

According to CoinMarketCap the global crypto market is now valued at \$3.8 trillion (including stablecoins). With the crypto ecosystem potentially vulnerable to “Q-Day,” this initiative targets a massive market opportunity. Development is underway and as milestones are achieved throughout the fourth quarter 2025 and first quarter 2026 the Company expects to generate positive cash flows, with revenue recognized as each technical milestone is met.

### **(ii) PQC enabled zero-trust remote access solution**

The Company entered into an agreement with Hitachi Solutions Create, a major Japanese global systems integrator for the co-development of a post-quantum cryptography (PQC) version of a zero-trust remote access application. The Company receives a one-time development fee, expected to be recognized in fourth quarter 2025, and a royalty based on revenue generated from the PQC-enabled application going forward. Development is well underway with a commercial release date planned for the first quarter 2026.

### **(iii) IronCAP X™ Commercialization**

Strategic partnership agreement signed with Turnium Technology Group Inc. (TTGI) aimed at expanding the reach of quantum-safe cybersecurity solutions. As a first step, with more to come, TTGI will offer 01 Quantum's IronCAP X™ PQC email service leveraging TTGI's extensive network and expertise in delivering secure, scalable technology solutions. This partnership addresses the need for future-proof communication tools in industries such as finance, healthcare, and government, where data integrity and privacy are paramount.

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(iv) Real Matter - January 2025.

Entered into an agreement with Real Matter Technology Company ("Real Matter"), a fintech-semiconductor research company headquartered in Hong Kong. Under the terms of the agreement, Real Matter plans to integrate the Company's IronCAP™ PQC technology into its product line aiming at marketing and selling a true PQC solution to key sectors such as banks and Virtual Asset Service Providers (VASPs) through initiatives including roadshows, HK Science Park seminars, and HKMA Sandbox Proof-of-Concept demonstrations.

**(B) Strengthened Balance Sheet.**

Throughout the year, the Company strengthened its Balance Sheet with the completion of two non-brokered private placement summarized below:

- (i) January 2025 - Completed a non-brokered private placement for gross proceeds of \$920,000. The financing consisted of 4,000,000 units ("Units") at \$0.23 per Unit. Each Unit consists of one common share in the capital of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant") with each Warrant entitling the holder to acquire one Common Share at a price of \$0.75 per Common Share at any time on or before January 7, 2028. The securities issued were issued pursuant to a contractual hold (in addition to the regulatory four month hold period) for twelve months which hold will expire on January 7, 2026.
- (ii) June 2025 – Completed a non-brokered private placement of units ("Units") for gross proceeds of \$511,500. Each Unit was issued at \$0.30 and consists of one common share and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one additional common share at an exercise price of \$0.50 per common share before June 6, 2027. A 4 month hold period applies, expiring October 7, 2025.

**(C) Expanding the Company's investor relations and marketing.**

The Company expanded its investor relations and marketing programs with the goal to enhance liquidity and to increase brand as well as company awareness within the investment community. The initiatives to date include:

- (i) February 2025 - Entered into a market making agreement with a goal to maintain a reasonable market and enhance the liquidity of the Company's common shares.
- (ii) June 2025 – Engaged an investor relations firm to heighten market and brand awareness for the Company within the investment community via email and phone campaigns.
- (iii) August 2025 – Engaged a digital marketing agency to heighten market and brand awareness as well as to broaden the awareness of the Company within the investment community via digital marketing services which includes online advertising, SMS and email marketing and digital podcasts.

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## (D) Adding to the product development team.

With multiple development projects underway, the Company has expanded its product development team by engaging a network of third-party developers under contract. This approach has enabled the formation of a close-knit, agile team structure that combines the Company's internal leadership with specialized external expertise. To further strengthen cryptographic capabilities, the Company appointed Dr. Edoardo Persichetti as a strategic advisor. Dr. Persichetti is an Associate Professor at Florida Atlantic University and a recognized expert in code-based cryptography. He has co-authored several submissions to the NIST Post-Quantum Cryptography Standardization process, including HQC, which was selected in March 2025 as one of the two new encryption standards.

## 6. Overview of Results of Operations:

The information in the financial table below present selected financial information for the three and nine month periods ended July 31, 2025 and 2024. Information has been prepared in accordance with IFRS. The amounts are in Canadian Dollars.

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<u>31-Jul-25</u>	<u>31-Jul-24</u>	<u>31-Jul-25</u>	<u>31-Jul-24</u>
Revenue	\$ 143,957	\$ 126,103	\$ 333,269	\$ 330,793
Expenses:				
Selling, general and administrative	287,746	119,080	652,852	394,752
Research and development	201,018	34,538	432,049	131,097
Withholding taxes	6,587	12,303	21,554	28,436
	<u>495,351</u>	<u>165,920</u>	<u>1,106,455</u>	<u>554,284</u>
Loss before other income and expense	(351,394)	(39,817)	(773,186)	(223,491)
Interest income	2,123	367	3,095	4,027
Interest expense	(2,140)	(723)	(3,542)	(1,628)
Loss for the period and comprehensive loss	<u>\$ (351,411)</u>	<u>\$ (40,173)</u>	<u>\$ (773,633)</u>	<u>\$ (221,092)</u>

The Company ended the quarter with \$1,076,035 of cash and securities.

Net loss for the third quarter was \$351,411 (2024 - \$40,173). The adjusted loss which excludes stock-based compensation and depreciation, which are non-cash expenses, was \$269,939 (2024 - \$5,891).

Revenue for the third quarter was \$143,957 (2024 - \$126,103). Revenue was primarily derived from licenses associated with ongoing recurring subscription fees from the Company's legacy remote access service. Going forward commencing with the fourth quarter which ends October 31st, revenue is expected to come from the Company's PQC technology initiatives which includes

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development fees and royalties. Profitable development fee revenue is expected to be recognized in the fourth quarter 2025 from current projects underway.

Cash operating expenses which exclude stock-based compensation and depreciation for the third quarter were \$407,292 (2024 - \$119,335).

Selling, general and administrative, net of stock-based compensation was \$207,746 (2024 - \$88,860).

Research and development was 201,018 (2024 - \$34,538).

The increase in expenses reflects an investment to increase the value of the Company by expanding its investor relations and marketing programs to increase awareness for the Company in both the financial and business communities, as well as increased headcount in product development. The product development increase include costs associated with patent filings as well as costs associated with the increase in head count with the addition of third party contractors required to support its product roadmap which includes the Company's PQC enabled AI platform, qLABS initiative, and PQC zero-trust remote access application.

## 7. Use of Non-IFRS Terms:

- (i) In the Company's financial reporting, reference is made to cash operating expenses, which is a non-IFRS term. This term does not have a standardized meaning under IFRS and therefore it is unlikely it will be comparable to similar measures by other companies. Cash operating expenses are operating expenses (selling, general and administrative expenses plus research and development expenses) excluding the non-cash operating expenses of stock-based compensation, depreciation and amortization. This measure is used to assist in monitoring cash expenses of the Company as it is an indication of the amount of expenses required to fund the Company's operations on a cash basis. Stock-based compensation is a non-cash expense and is largely dependent on the accounting assumptions and methods used for the calculation. The table below summarizes cash operating expenses.

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>31-Jul-25</i>	<i>31-Jul-24</i>	<i>31-Jul-25</i>	<i>31-Jul-24</i>
Total operating expenses	\$ 488,764	\$ 153,617	\$ 1,084,901	\$ 525,848
Less - Stock based compensation	80,000	32,220	235,000	123,818
Depreciation	1,472	2,062	5,258	6,730
Cash operating expenses	<u>\$ 407,292</u>	<u>\$ 119,335</u>	<u>\$ 844,643</u>	<u>\$ 395,300</u>

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Cash operating expenses for the three and nine months ended July 31, 2025 were \$407,292 (2024 - \$119,335) an increase of \$287,957 and \$844,643 (2024 - \$395,300) an increase of \$449,343 respectively. This increase in expenses for the third quarter and year to date fiscal 2025 reflects an investment to increase the value of the Company by expanding its investor relations and marketing programs as well as increasing expenditures in product development to support the product roadmap.

- (ii) In the Company's financial reporting, reference is made to adjusted loss, which is a non-IFRS term. This term does not have a standardized meaning under IFRS and therefore it is unlikely it will be comparable to similar measures by other companies. The adjusted loss is the loss for the period and comprehensive loss excluding non-cash operating expenses, unusual items and is indicative of the loss for the period excluding non-cash operating expenses which are stock-based compensation, and depreciation and amortization. This measure is used to assist in monitoring cash requirements of the Company as it is an indication of the amount of cash required to fund the Company's operations, on a cash basis. Stock-based compensation is a non-cash expense and is largely dependent on the accounting assumptions and methods used for the calculation. The table below summarizes the adjusted loss.

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>31-Jul-25</i>	<i>31-Jul-24</i>	<i>31-Jul-25</i>	<i>31-Jul-24</i>
Loss for the period and comprehensive loss	\$ (351,411)	\$ (40,173)	\$ (773,633)	\$ (221,092)
Less: non cash operating expenses	81,472	34,282	240,258	130,548
Adjusted Loss for the period	<u>\$ (269,939)</u>	<u>\$ (5,891)</u>	<u>\$ (533,375)</u>	<u>\$ (90,544)</u>

The net loss and comprehensive loss for the three and nine months ended July 31, 2025 of \$269,939 (2024 – \$5,891) and \$533,375 (\$90,544) respectively, includes as part of operating expenses non-cash expenses of \$81,472 (2024 - \$34,282) and \$240,258 (2024 - \$130,548) respectively. Excluding these non-cash operating expenses, which are included in operating expenses, the adjusted loss for the three and nine month periods ended July 31, 2025 were \$269,939 (2024 - \$5,891) and \$533,375 (\$2024 – \$90,544) respectively.

The Company's business model consists of a mix of development fees with ongoing royalties from deployed applications or in the case of qLABS a share of proceeds from token sale, and a percentage of the quantum-safe tokens issued. The development portion of these projects generates positive cash flow with revenue recognized as milestones are achieved. The Company anticipates profitable revenue recognition from the current projects in its fourth quarter 2025 and first quarter 2026 as development milestones achieved.

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## 8. Results of Operations:

### Revenue

Revenue attributable to geographical location based on the customer is as follows:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<u>31-Jul-25</u>	<u>31-Jul-24</u>	<u>31-Jul-25</u>	<u>31-Jul-24</u>
United States	\$ 1,158	\$ 1,847	\$ 4,392	\$ 5,403
Canada	1,567	1,225	3,663	3,982
Asia/Pacific	141,232	123,031	325,214	321,408
	<u>\$ 143,957</u>	<u>\$ 126,103</u>	<u>\$ 333,269</u>	<u>\$ 330,793</u>

The significant categories of revenue recognized during the periods are as follows:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<u>31-Jul-25</u>	<u>31-Jul-24</u>	<u>31-Jul-25</u>	<u>31-Jul-24</u>
Royalty, development fees, engineering and maintenance	\$ 141,232	\$ 123,031	\$ 325,214	\$ 321,408
Subscription fees	2,725	3,072	8,055	9,385
	<u>\$ 143,957</u>	<u>\$ 126,103</u>	<u>\$ 333,269</u>	<u>\$ 330,793</u>

Revenue for the third quarter fiscal 2025 was \$143,957 (2024 - \$126,103). Revenue was primarily derived from licenses associated with ongoing recurring subscription fees from the Company's legacy remote access service. Going forward commencing with the fourth quarter 2025 which ends October 31st, revenue is expected to come from the Company's PQC technology initiatives which includes development fees and royalties. Profitable development fee revenue is expected to be recognized in the fourth quarter 2025 and first quarter 2026 from current projects underway.

### Gross profit

The vast majority of the Company's products sold are software based, which typically have a high gross margin. The gross margin throughout was 100%.

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## Selling, general and administration (“SG&A”)

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<u>31-Jul-25</u>	<u>31-Jul-24</u>	<u>31-Jul-25</u>	<u>31-Jul-24</u>
Selling, general and administration	\$ 287,746	\$ 119,080	\$ 652,852	\$ 394,752
less: stock-based compensation	80,000	32,220	235,000	123,818
	<u>\$ 207,746</u>	<u>\$ 86,860</u>	<u>\$ 417,852</u>	<u>\$ 270,934</u>

SG&A expenses, net of stock-based compensation for the three and nine month periods ended July 31, 2025 were \$207,746 (2024 - \$86,860) and \$417,852 (2024 - \$270,934) respectively. The increase in expenses during third quarter and year to date for fiscal 2025 reflects an investment to increase the value of the Company by expanding its investor relations and marketing programs to increase awareness for the Company in both the financial and business communities

## Research and development

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<u>31-Jul-25</u>	<u>31-Jul-24</u>	<u>31-Jul-25</u>	<u>31-Jul-24</u>
Research and development	\$ 201,018	\$ 34,538	\$ 432,049	\$ 131,097

Product development expenses for the three and nine month periods ended July 31, 2025 were \$201,018 (2024 - \$34,538) and \$432,049 (2024 - \$131,097) respectively. The increase in expenses in the third quarter and year to date for fiscal 2025 include costs associated with patent filings as well as costs associated with the increase in head count with the addition of third party contractors required to support its product roadmap which includes the Company’s PQC enabled AI platform, qLABS initiative, and PQC zero-trust remote access application.

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## 9. Operating Expenses:

The Company presents a functional consolidated statement of operations and comprehensive income in which expenses are aggregated according to the function to which they relate. The Company has identified the major functions as selling, general and administrative expenses; and research and development expenses. The following tables present the expenses based on their nature:

<b>for the three months ended 31-Jul-25</b>	Selling, general & administration	Research & development	Total
Salaries, contractors, commissions and benefits	\$ 62,803	\$ 148,035	\$ 210,838
Stock-based compensation	80,000	-	80,000
Other operating expenses	144,943	52,983	197,926
	<u>\$ 287,746</u>	<u>\$ 201,018</u>	<u>\$ 488,764</u>

<b>for the three months ended 31-Jul-24</b>	Selling, general & administration	Research & development	Total
Salaries, contractors, commissions and benefits	\$ 53,446	\$ 23,025	\$ 76,471
Stock-based compensation	32,220	-	32,220
Other operating expenses	33,414	11,513	44,926
	<u>\$ 119,080</u>	<u>\$ 34,538</u>	<u>\$ 153,617</u>

<b>for the nine months ended 31-Jul-25</b>	Selling, general & administration	Research & development	Total
Salaries, contractors, commissions and benefits	\$ 176,599	\$ 252,900	\$ 429,499
Stock-based compensation	235,000	-	235,000
Other operating expenses	241,253	179,149	420,402
	<u>\$ 652,852</u>	<u>\$ 432,049</u>	<u>\$ 1,084,901</u>

<b>for the nine months ended 31-Jul-24</b>	Selling, general & administration	Research & development	Total
Salaries, contractors, commissions and benefits	\$ 152,838	\$ 85,584	\$ 238,422
Stock-based compensation	123,818	-	123,818
Other operating expenses	118,096	45,513	163,608
	<u>\$ 394,752</u>	<u>\$ 131,097</u>	<u>\$ 525,848</u>

Operating expenses for the three and nine months ended July 31, 2025, were \$488,764 (2024 - \$153,617) and \$1,084,901 (2024 - \$525,848) respectively.

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Salaries, contractors, commissions and benefits for the three and nine months ended July 31, 2025 were \$210,838 (2024 - \$76,471) an increase of \$134,367 and \$429,499 (2024 - \$238,422) an increase of \$191,077 respectively. The increase in the third quarter and year to date fiscal 2025 was primarily a result of an increase in these costs related to research and development to increase head count with the addition of third party contractors required to support the Company's product roadmap which includes the Company's PQC enabled AI platform, qLABS initiative, and PQC zero-trust remote access application.

Other operating expenses required to run the business for the three and nine months ended July 31, 2025 were \$197,926 (2024 - \$44,926) an increase of \$153,000 and \$420,402 (2024 - \$163,608) an increase of \$256,794 respectively. The increase in the third quarter and year to date fiscal 2025 was primarily a result of an increase in SG&A as the Company expanded its investor relations and marketing programs with the goal to enhance liquidity and to increase brand as well as company awareness within the business and investment community.

There were 2,110,000 options granted during the nine months ended July 31, 2025 (2024 - 1,320,000). The average grant date fair value of options granted during the nine months ended July 31, 2025 was \$0.34 (2024 - \$0.05). The fair value of each option granted has been estimated on the date of grant using the Black-Scholes fair value option-pricing model with the following assumptions used for grants for the nine months ended July 31, 2025: expected dividend yield of nil, expected volatility of between 141% and 201% (2024 - 115%), weighted average risk-free interest rate of 3% (2024 - 3%) and expected lives of between one and four years (2024 - 4 years). During the three and nine month periods ended July 31, 2025 and 2024 the Company recorded stock option expense for stock options granted in the current and previous periods of \$80,000 (2024 - \$32,220) and \$235,000 (2024 - \$123,818) respectively.

## 10. Liquidity and Capital Resources:

	<u>31-Jul-25</u>	<u>30-Apr-25</u>	<u>31-Oct-24</u>
Cash	\$ 126,325	\$ 133,235	\$ 139,126
Guaranteed investment certificate	950,000	690,000	-
Combined amounts	<u>\$ 1,076,325</u>	<u>\$ 823,235</u>	<u>\$ 139,126</u>

On June 11, 2025 the balance sheet was strengthened with an additional \$511,500 of cash via a private placement providing the Company with \$1,334,735 of available cash.

Combined amounts were \$1,076,325 as at July 31, 2025 compared to \$823,235 as at April 30, 2025 an increase of \$253,090 for the third quarter 2025 and \$139,126 as at October 31, 2024 an increase of \$937,199 year to date primarily a result of the following:

- (i) The Company funding its adjusted loss of \$269,939 which is a use of funds.
- (ii) An increase in non-cash working capital of \$22,798 which is a source of funds.

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(iii) Net proceeds from a private placement in June of \$498,523 which is a source of funds.

On a year to date basis there was an increase in the combined amounts of \$937,199 primarily a result of:

- (i) Net proceeds from a private placement in January of \$902,558.
- (ii) Net proceeds from a private placement in June of \$498,523
- (iii) Proceeds from the exercise of stock options of \$58,500
- (iv) An increase in non-cash working capital of \$12,375 which is a source of funds.
- (v) Funding the adjusted loss of \$533,375

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity or debt transactions.

However, the Company has sustained substantial losses in recent years and its ability to continue as a going concern is dependent on the Company's ability to generate future profitable operations and cash flows and/or obtain additional financing, which would be contingent upon market and other conditions in the future, which are beyond the Company's control.

At July 31, 2025, the Company had financial assets, consisting of cash, guaranteed investment certificate and accounts receivable of \$1,169,957 (Oct. 31, 2024 - \$202,028) and financial liabilities, consisting of accounts payable and accrued liabilities, and the lease liability of \$299,676 (Oct. 31, 2024 - \$125,093).

The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows.

## 11. Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and market price risk. The Company is exposed to currency risk and interest rate risk.

Currency risk:

Net monetary assets and liabilities due in U.S. dollars include accounts payable of USD 32,920 (July 31, 2024 - USD 1,265) and cash of USD 64,920 (July 31, 2024 – USD 60,590). Net monetary assets due in Japanese Yen include accounts payable of 712,790 Yen \$6,605 CAD equivalent, (July 31, 2024 – 1,052,000 Yen, \$9,860 CAD equivalent), and accounts receivable of 7,127,897 Yen, \$66,059 CAD equivalent (July 31, 2024 – 10,520,000 Yen, \$96,800 CAD equivalent).

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The Company reports its results in Canadian dollars. The Company markets its products in Canada, the United States ("U.S.") and other jurisdictions, including Japan. Sales to Japanese customers are primarily denominated in the Japanese Yen and sales to U.S. and other customers outside Canada in U.S. dollars. Substantially all of the Company's sales are either in U.S. dollars or the Japanese Yen. As a result, the Company is subject to currency risk from sales made and expenses incurred in U.S. dollars and the Japanese Yen. The Company does not hedge the risk related to fluctuations in the exchange rate between the U.S. dollar or the Japanese Yen and the Canadian dollar from either the date of the sales transaction to the collection date due or from the date an expense is incurred to the date the payment is made. As at July 31, 2025, the Company had net monetary assets in U.S. dollars of USD 32,000 (July 31, 2024 – USD \$59,325) and net monetary assets in the Japanese Yen of 6,415,107 (July 31, 2024 – 9,468,000 Japanese Yen). An increase or decrease in the U.S. to Canadian dollar exchange rate by 10% as at July 31, 2025 would have resulted in a gain in the amount of \$4,415 (2024 - \$8,100) or a loss of \$4,415 (2024 - \$8,100), respectively. An increase or decrease in the Japanese Yen to Canadian dollar exchange rate by 10% as at July 31, 2025 would have resulted in a gain in the amount of \$5,945 (2024 – \$8,700) or a loss of \$5,945 (2024 - \$8,700), respectively.

Interest rate risk:

The Company is exposed to interest rate risk on its fixed rate financial instruments. Fixed rate instruments subject the Company to fair value interest rate risk, as the fair value of the financial instrument fluctuates due to changes in market interest rates. Financial instruments subject to interest rate risk include demand deposits and the liability component of the debenture.

## 12. Contingencies and Commitments:

The Company is engaged in legal actions from time to time arising in the ordinary course of business. None of these actions, individually or in the aggregate, is expected to have a material adverse effect on the consolidated financial position or results of operations.

## 13. Adoption of New Accounting Policies:

During the year ended October 31, 2024, the Company adopted a number of amendments and improvements of existing standards, including IAS 1, IAS 8 and IAS 12. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

### **Recent accounting pronouncements effective for year ends beginning on or after January 1, 2023:**

IFRS 10 - Consolidated Financial Statements ("IFRS 10") and IAS 28 - Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint

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venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 1 - Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

IFRS 9 - Financial Instruments and IFRS and IFRS 7 Financial Instruments – Disclosures were amended In May 2024. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI.

The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

IFRS 18 - Presentation and Disclosure in Financial Statements. In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standard replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

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## 14. Related Party Transactions:

The remuneration of directors and other key management personnel of the Company during the three and nine month periods ended July 31, 2025 and 2024 was as follows:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>31-Jul-25</i>	<i>31-Jul-24</i>	<i>31-Jul-25</i>	<i>31-Jul-24</i>
Salaries and contractor fees	\$ 63,500	\$ 61,000	\$ 180,750	\$ 183,000
Stock based compensation	18,141	51,614	56,479	123,818
Total	<u>\$ 81,641</u>	<u>\$ 112,614</u>	<u>\$ 237,229</u>	<u>\$ 306,818</u>

The Company's President and Chief Executive Officer ("CEO") invoices the Company for his services that pertain to research and development pursuant to a contractor agreement. Fees paid under this agreement during the three and nine month periods ended July 31, 2025 were \$16,500 (2024 - \$16,500) and \$39,750 (2024 - \$49,500) respectively and have been included in research and development expenses and are included in the salaries and contractor fees amounts in the above table. In addition, the CEO received a salary for the three and nine month periods ended July 31, 2025 of \$21,000 (2024 - \$21,000) and \$63,000 (2024 - \$63,000) respectively, which has been recorded in selling, general and administrative expenses, and is included in the salaries and contractor fees amounts in the above table.

Salary and contractor fees included in the above table owing to directors and other key management personnel and so included in accounts payable and accrued liabilities at July 31, 2025 is \$9,800 (October 31, 2024 - \$22,913). They are unsecured, non-interest bearing with no fixed terms of payment and were paid subsequent to the end of the quarter.

## 15. Critical Accounting Estimates:

The preparation of consolidated financial statements prepared in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclose contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the years. Actual results could differ from those estimates. Management must also make estimates and judgements about future results of operations in assessing recoverability of assets and the value of liabilities. These judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the years in which the estimates are revised and in any future years affected.

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Critical judgements and estimates used in the preparation of the consolidated financial statements include the following:

## Going concern

The Company's ability to continue its ongoing and planned software development activities and to continue operations as a going concern is dependent on the Company achieving profitable operations and/or the ability to obtain external financing from time to time.

## Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

## Share-based payments and warrants

Management estimates the values for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

## Development costs qualifying for capitalization

In assessing whether development costs qualify for capitalization, management makes judgments and estimates related to expectations of technical feasibility in completing the project, the probability of future economic benefits, the availability of adequate technical and financial resources to complete the development, the ability to reliably measure the costs, and whether the Company intends to complete development, and to use or sell the assets.

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In making these judgments and estimates, management has assessed various sources of information, including but not limited to, criteria for the capitalization of development costs, forecasted cash flows associated with the developments and with operations, in general, which are used to support whether or not the Company will have sufficient resources to complete the development of the assets. Changes in management's judgments, estimates and assumptions, could have a material effect in the future on the Company's financial position and results of operations.

## Government assistance and investment tax credits

The Company has applied for and received funding from certain government grants and assistance programs. Remaining funding under these grant programs, if any, will be recognized when the Company qualifies and there is reasonable assurance that the grant will be received. Government assistance and investment tax credits received are subject to government audit and potential reassessment subsequent to the reporting period. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will be recognized in operations in the period in which such determination is made.

## Revenue recognition

Application of the accounting principles related to the measurement and recognition of revenue requires the Company to make judgments and estimates. Revenue arrangements may be comprised of multiple performance obligations. Judgment is required in determining the performance obligations that exist in an arrangement and the nature of these deliverables.

## Discount rate used on leases

The determination of the Company's lease liabilities and right-of-use assets depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's estimated incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

## **16. Risks and Uncertainties:**

An investment in Common Shares is speculative and involves a high degree of risk, is subject to the following specific risks, among others, and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Prospective investors should review these risks as well as other matters disclosed elsewhere in this Management Discussion and Analysis with their professional advisors.

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Prospects for companies in the computer and software industry generally may be regarded as uncertain given the inherent nature of the industry and, accordingly, investments in such companies should be regarded as speculative.

## (a) Lack of Revenue and Profitability

The Company has sustained substantial losses and negative cash flows from operations in recent years. The ability to generate future profitable operations and cash flows is dependent on the successful development of and commercialization of the Company's IronCAP™ technology and/or increased revenues from the Company's remote access products and services. There can be no guarantee that either the development of or commercialization of the Company's IronCAP™ technology will be successful or lead to significant revenues for the Company. In addition, there can be no guarantee that the Company's initiatives with its remote access products and services will lead to significant revenues for the Company. Refer to Section 5. Operational Highlights for the prospects for the Company.

## (b) The Future of Quantum Computers

A Quantum Computer can process information exponentially faster than "classical computers" which could render existing public key encryption unsecure. Public key encryption is a cornerstone of cyber security today and Quantum Computers may have the ability to hack applications that are based on and using public key encryption. Quantum Computers are evolving and the timing as to when one will be available that renders public key encryption unsecure is unknown. The Company believes the introduction of such a Quantum Computer will be instrumental for successful commercialization of its IronCAP™ technology and until one is available successful commercialization could be delayed.

In addition, when such a Quantum Computer becomes available and while the Company believes and has designed its IronCAP™ technology to provide a safeguard against malicious attacks by such a Quantum Computer there can be no guarantee such will be the case.

## (c) Listing of the Company's Common Shares

The stock exchange on which the Company's Common Shares currently trade and upon which they may trade in the future have certain minimum listing requirements that must be met in order to be eligible to continue to trade on such exchanges. If the Company is unable to continue to satisfy these criteria it may be delisted from these exchanges and will be required to find a different exchange on which to list. A change in the exchange on which the Common Shares are listed may result in a decreased share price and/or decreased liquidity. Furthermore, if the Company is not able to find a different exchange on which to list shareholders may not be able to transfer their shares. The trading symbol for the Company where the shares are traded in Canada on the TSX-V is ONE. And effective July 7, 2025 the Company has been upgraded

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from the OTC Pink market to trade on the OTCQB Venture Market in the U.S. and the symbol is OONEF.

## (d) New Products and Technological Change

The software industry is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions, any of which could make the Company's products obsolete. There can be no assurance that the Company will be successful in enhancing existing products or introducing, manufacturing or marketing new products to meet changing end-user requirements and emerging industry standards and protocols. The Company must devote continued efforts and financial resources to develop and enhance existing products and conduct research to develop new products. The development of new, technologically advanced products is a complex and uncertain process requiring high levels of innovation, as well as the accurate anticipation of technological and market trends. The Company may not be able to identify, develop, manufacture, market or support new or enhanced products successfully or on a timely basis and may not be able to respond effectively to product announcements by competitors, technological changes or emerging industry standards which could, among other things, have a material adverse effect on the Company's business, operating results or financial condition. The Company may also announce new products or product enhancements, capabilities or technologies that have the potential to replace or shorten the life cycle of its existing product offerings and that may cause customers to defer purchasing its existing products.

## (e) Market Acceptance of Products

The Company designs and develops software-based products for the cyber security and the remote access and support markets. As with any technology, there is a substantial risk that the marketplace may not accept the Company's products. Market acceptance of the Company's products depends, in large part, upon its ability to demonstrate its products' performance and cost-effectiveness over competing products and upon the success of its sales efforts as well as those of its customers. The Company may not be able to continue to market its products successfully and no assurance can be given that any of its current or future products will be accepted in the marketplace.

## (f) Competition

Competition in the cyber security and the remote access and support markets is intense and growing rapidly. Accordingly, it is possible that new competitors or alliances among competitors and vendors may emerge and rapidly acquire market share. Many of the Company's current and potential competitors have significantly greater financial, technical, marketing, service, support and other resources than the Company, as well as longer operating histories, greater name recognition and larger customer bases. As a result, they may be able to secure resources on more favorable terms than the Company, and they may be able to

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respond more quickly to changes in customer preferences or to devote greater resources to the development, promotion and sale of their products than can the Company. Increased competition could result in significant price competition, reduced profit margins, fewer customer orders or loss of market share. The Company may not be able to compete successfully with existing or future competitors and cannot ensure that competitive pressures will not materially and adversely affect its business, operating results or financial condition.

(g) No Assurance of Successful Marketing

The Company does not have extensive experience in successfully marketing its products. Thus, there can be no assurance that future efforts to market its products will be successful. If the Company relies on third parties to market its products, the commercial success of such products may be outside of the Company's control.

(h) Proprietary Technology

The Company's success will depend, in part, on its ability to maintain copyright and trademark protection, trade secret protection and operate without infringing the proprietary rights of third parties. There can be no assurance that the Company's intellectual property rights, copyright and/or trademarks will not be challenged by any third parties, or that the intellectual property rights of others will not have a material adverse effect on the ability of the Company to do business. Furthermore, there can be no assurance that others will not independently develop products similar to those developed by the Company or duplicate any of the Company's products. The Company may be required to obtain licenses for proprietary rights of third parties. No assurance can be given that any licenses required will be available on terms acceptable to the Company. If the Company does not obtain such licenses, it could encounter delays in introducing one or more of its products to the market or could find that the development, manufacture or sale of products requiring such licenses could be precluded. In addition, the Company could incur substantial time, effort and/or costs in policing unauthorized use of its intellectual property and/or in defending itself in suits brought against it or in suits in which the Company attempts to enforce its own intellectual property rights against other parties.

(i) Currency Risk

The Company reports its results in Canadian dollars. The Company markets its products in Canada, the United States ("U.S.") and other jurisdictions, including Japan. Sales to Japanese customers are primarily denominated in the Japanese Yen and sales to U.S. and other customers outside Canada in U.S. dollars. Substantially all of the Company's sales are either in U.S. dollars or the Japanese Yen. As a result, the Company is subject to currency risk from sales made and expenses incurred in U.S. dollars and the Japanese Yen. The Company does not hedge the risk related to fluctuations in the exchange rate between the U.S. dollar or the Japanese Yen and the Canadian dollar from either the date of the sales transaction to the collection date due or from the date an expense is incurred to the date the payment is made.

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## (j) Product Liability and Insurance

The sale and use of the Company's products or its products under development may entail risk of product liability. Although the Company considers that it currently has adequate insurance coverage for any product liability claim, as the Company expands and introduces new products there can be no assurance that it will be able to obtain appropriate levels of product liability insurance prior to any use of its products. An inability to obtain insurance on commercially reasonable terms or to otherwise protect against potential product liability claims could inhibit or prevent the commercialization of products developed by the Company or expose the Company to significant product liability risks. The obligation to pay any product liability claim or a recall of a product could have a material adverse effect on the business, financial condition, operating results or prospects of the Company.

## (k) Dependence on Key Personnel

The Company's ability to develop, manufacture and market its products and compete with current and future competitors depends, to a great extent, on its ability to attract and retain highly qualified personnel (and attract new personnel where required). Competition for such personnel and relationships is intense and the Company must compete in this regard with companies that have substantially greater financial and other resources than it does. The Company is highly dependent on the principal members of its management and research and development staff ("Key Personnel") and, in particular, Mr. Andrew Cheung, its Chief Executive Officer. The loss of Mr. Cheung's services could have the effect of materially impeding the achievement of development objectives. The persons working with the Company are affected by a number of influences outside of the control of the Company. The failure to attract and retain qualified personnel or the loss of the services of one or more Key Personnel could have a material adverse effect on the Company's business, operating results or financial condition.

## (l) Public Market and Volatility of Share Price

Factors such as announcements of technological innovation or the introduction of new products by the Company or its competitors, actual or anticipated fluctuations in the Company's operating results, changes in estimates of the Company's future operating results by securities analysts or developments with respect to proprietary rights may have a significant impact on the market price of the Common Shares. In addition, the stock market has experienced volatility which has particularly affected the market prices of equity securities of many high technology companies and which often has been unrelated to the operating performance of such companies. These market fluctuations may materially adversely affect the market price of the Common Shares.

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## (m) Distribution Agreements

The Company's distribution and licensing agreements contain various provisions for termination and/or renewal, some of which provide for termination without cause and on short notice. Such provisions are not uncommon in the industry and the Company anticipates that it will continue to enter into such agreements. Some of the Company's distribution arrangements are also not embodied in written agreements.

## (n) The Trend towards Industry Consolidation

Consolidation in the software industry continues to occur, with competing companies merging or acquiring other companies in order to capture market share or expand product lines. As this consolidation occurs, the nature of the market may change as a result of fewer players dominating particular markets, potentially providing customers with fewer choices. Also, some of these companies offer a broader range of products than the Company, and the Company may not be able to compete effectively against these competitors. Any of these changes may have a significant adverse effect on the future revenues and operating results of the Company.

## (o) Potential Fluctuations in Quarterly Financial Results

The Company's quarterly financial results could be impacted significantly by the timing of substantial orders and shipments as well as new releases of its products and intellectual property agreements. The Company's operating expenses are based on anticipated revenue levels in the short term, are relatively fixed and are incurred throughout the quarter. Additionally, the Company's products may be subject to long sales cycles. As a result, if expected revenues are not realized as anticipated, the Company's quarterly financial results could be materially adversely affected. Quarterly financial results in the future may be influenced by these or other factors, including possible delays in the shipment of new products and entering into or failing to enter into or renew a material contract or order. Accordingly, there may be significant variations in the Company's quarterly financial results and such results may not meet the expectations of analysts or investors. If this occurs, the price of the Common Shares may decline. See also "Distribution Agreements", "Volatility of Share Price".

## (p) Control of Shares by Principal Shareholder

Andrew Cheung, the President and Chief Executive Officer of the Company and the principal shareholder of the Company, maintains effective control of the Company through control and/or ownership of, in the aggregate, approximately 11.1% of the outstanding Common Shares. As a result, Mr. Cheung could exercise significant influence over all matters requiring shareholder approval, including the ability to elect directors and approve fundamental changes to the Company. Such concentration of ownership may have the effect of delaying or preventing a change in control of the Company, its Board or management.

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## 17. Quarterly Results of Operations:

The following tables sets forth certain information from the unaudited consolidated statements of operation for the eight most recent quarters of operations ended July 31, 2025 as prepared in accordance with IFRS.

<i>for the 3 months ending</i>	<b>31-Jul-25</b>	<b>30-Apr-25</b>	<b>31-Jan-25</b>	<b>31-Oct-24</b>
Revenue	\$ 143,957	\$ 102,807	\$ 86,505	\$ 82,155
Expenses:				
Selling, general and administrative	287,746	192,418	172,688	179,688
Research and development	201,018	190,175	40,856	(7,368)
Withholding taxes	6,587	7,142	7,825	7,934
	495,351	389,735	221,369	180,255
Loss before interest, other income and expense	\$ (351,394)	\$ (286,928)	\$ (134,864)	\$ (98,100)
Foreign exchange gain (loss)	-	-	-	912
Interest income	2,123	972	-	-
Interest expense	(2,140)	(827)	(575)	(510)
Loss for the period and comprehensive loss	\$ (351,411)	\$ (286,783)	\$ (135,439)	\$ (97,698)

<i>for the 3 months ending</i>	<b>31-Jul-24</b>	<b>30-Apr-24</b>	<b>31-Jan-24</b>	<b>31-Oct-23</b>
Revenue	\$ 126,103	\$ 106,220	\$ 98,470	\$ 133,709
Expenses:				
Selling, general and administrative	119,080	123,558	152,114	239,100
Research and development	34,538	44,812	51,747	51,357
Withholding taxes	12,303	7,623	8,510	13,031
	165,920	175,993	212,371	303,488
Loss before interest, other income and expense	\$ (39,817)	\$ (69,773)	\$ (113,901)	\$ (169,779)
Foreign exchange gain (loss)	-	-	-	(2,041)
Interest income	367	1,548	2,112	5,076
Interest expense	(723)	(413)	(492)	(916)
Loss for the period and comprehensive loss	\$ (40,173)	\$ (68,638)	\$ (112,281)	\$ (167,660)

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## 18. Disclosure Controls and Internal Controls over Financial Reporting:

In the course of evaluating its internal controls over financial reporting as at July 31, 2025, management has identified the following material weakness:

There is limited segregation of duties which could result in a material misstatement in the Company's consolidated interim or annual financial statements. Given the Company's limited staff level, certain duties within the accounting and finance department cannot be properly segregated. This deficiency, which is pervasive in impact, did not result in a material misstatement to the consolidated financial statements. The Company relies on certain mitigating controls, including periodic substantive review of the consolidated financial statements by the Chief Executive Officer, Audit Committee and Board of Directors; however, these mitigating controls do not eliminate the existence of the material weakness.

As at July 31, 2025 the Company's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures and internal control over financial reporting. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures and internal control over financial reporting are ineffective as a result of the material weakness in internal control over financial reporting described above.

There have been no significant changes to the Company's internal control environment during the nine month period ended July 31, 2025 that would have materially affected the Company's internal controls over financial reporting.

## 19. Disclosure of Outstanding Share Data:

The Company's share capital consists of the following:

Authorized: 50,000 Series A preference shares, Unlimited preference shares, issuable in series Unlimited common shares.

As at September 17, 2025 there are 102,319,554 common shares issued.

As at July 31, 2025, there were 7,405,000 stock options outstanding convertible into common shares at exercise prices ranging from \$0.05 to \$0.47. The options expire between December 9, 2025 and June 17, 2029. The following table summarizes the changes from October 31, 2024:

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	Number	Weighted average exercise price
Options outstanding October 31, 2024	6,265,000	\$ 0.15
Granted	2,110,000	\$ 0.42
Exercised	(250,000)	\$ 0.23
Expired	(720,000)	\$ 0.38
Options outstanding July 31, 2025	7,405,000	\$ 0.20

The Company granted 2,110,000 stock options for the nine months ended July 31, 2025 to third party contractors for business development, marketing activities and product development, summarized in the following table:

Grant date	Expiry date	Number granted	Exercise price	Vesting date and number	
09-Dec-24	09-Dec-25	300,000	\$ 0.32	100,000 on each of	09-Jan-25 09-Feb-25 09-Mar-25
09-Jan-25	09-Jan-27	200,000	\$ 0.45	200,000 on	09-Jul-25
15-Jan-25	15-Jan-29	250,000	\$ 0.47	62,500 on each of	15-Jul-25 16-Jan-26 15-Jul-26 16-Jan-27
05-Feb-25	05-Feb-29	40,000	\$ 0.38	10,000 on each of	05-Aug-25 05-Feb-26 05-Aug-26 05-Feb-27
27-Jun-25	27-Jun-27	200,000	\$ 0.45	66,667 on each of	27-Aug-25 27-Oct-25 27-Dec-25
09-Jul-25	09-Jul-27	100,000	\$ 0.45	50,000 on each of	09-Jan-26 09-Jul-26
15-Jul-25	15-Jul-27	240,000	\$ 0.42	120,000 on each of	15-Nov-25 15-Mar-26
17-Jul-25	17-Jul-29	720,000	\$ 0.42	360,000 on each of	17-Jul-26 17-Jul-27
21-Jul-25	21-Jul-27	40,000	\$ 0.46	20,000 on each of	21-Sep-25 21-Nov-25
29-Jul-25	29-Jul-27	20,000	\$ 0.42	20,000 on	29-Oct-25
		<u>2,110,000</u>			

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The following table summarizes the warrants that are outstanding as at September 17, 2025. The warrants were issued pursuant to a January 7, 2025 and a June 6, 2025 private placement.

	Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price
Issued January 7, 2025 expiring January 7, 2028	\$ 0.75	4,000,000	2.4	\$ 0.75
Issued June 6, 2025 expiring June 6, 2027	\$ 0.50	852,500	1.8	\$ 0.50

## **CORPORATE INFORMATION**

### **DIRECTORS**

Andrew Cheung  
President & CEO

William A. Train  
Chairman  
Private investor

Gary Kissack  
Lawyer, Fogler, Rubinoff LLP

Tyson Macaulay  
Director

### **OFFICERS**

Andrew Cheung  
President & CEO

Brian Stringer  
Chief Financial Officer

Gigi Loo  
Controller & Corporate Secretary

### **INVESTOR RELATIONS**

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Trading Symbols:  
In Canada TSX-V: ONE  
In U.S. OTCQB: OONEF