01 Communique Laboratory Inc.

Management's Discussion and Analysis

For the year ended October 31, 2024

ONE : TSX-V; OONEF : OTC Pink

Dated: January 22, 2025

01 COMMUNIQUE LABORATORY INC.

Management Discussion and Analysis
(In Canadian dollars)

Years ended October 31, 2024 and 2023

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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 audited consolidated financial statements and notes to the audited consolidated financial statements as at and for the year ended October 31, 2024.

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 audited consolidated financial statements were authorized for issue by the board of directors on January 22, 2025.

All amounts are expressed in Canadian dollars unless otherwise stated. This MD&A is effective as of January 22, 2025.

Additional information on the Company, including its audited 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.

3. Corporate Overview:

The Company has two business units. Its primary focus is on its cyber security business unit focusing on post-quantum cybersecurity with the development and commercialization of its IronCAP™ technology. IronCAP™'s patent protected cryptographic system is an advanced Goppa code-based Post-Quantum Cryptography ("PQC") software based 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 other business unit consists of its remote access business which provides its customers with a suite of secure remote access services and products under its I'm InTouch and I'm OnCall product offerings.

(i) Cyber Security.

Quantum computers possess the capability to process information at exponentially faster rates than classical computers. This advancement poses a significant threat to current encryption methods, particularly public key encryption, as it could potentially render them insecure and vulnerable to hacking. Acknowledging this imminent risk, the Company has made a significant investment in researching and developing disruptive cybersecurity technology. As a result, it has created and is commercializing products that incorporate its patented IronCAP™ technology, which is software based and designed to withstand quantum computer attacks.

The Company envisions its IronCAP™ PQC technology as a versatile solution with wide-ranging applications across various vertical markets. These include, but are not limited to, blockchain networks including those used by Cryptocurrencies, email and data security, Artificial Intelligence machine learning platforms, Virtual Private Networks (VPNs), financial transactions, cloud storage, website development and password protection. Essentially, IronCAP™ technology is applicable wherever it is necessary to safeguard data from malicious attackers.

The Company has developed and plans to continue to develop new products based on its IronCAP™ technology. The IronCAP™ Toolkits and IronCAP X™ are the first of these products to be released.

(1) IronCAP™ Toolkits are available to vendors and can be used by vendors, for example, to build highly secure "post-quantum" systems for blockchain, 5G/IoT, data storage, remote access/VPN, encryption, digital signing etc. and comply with the PKCS#11, OpenSSL and OpenPGP standards.

(2) IronCAP X™, a new 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™ through a combination of forging partnerships along the lines of the one for its remote access services and products with Hitachi Solutions Create, Ltd. ("Hitachi Solutions Create") 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.

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.

(ii) Remote Access Services and Products.

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 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.
- United States patent application No.16/893,709 for a Cryptographic System and Method that facilitates sending encrypted emails to a recipient. Our invention, as described in the patent application, relates generally to cryptographic systems and methods. In a traditional end-to-end email encryption system, the recipient must first be a user of the system before the sender can send encrypted messages to the recipient. The new method facilitates sending encrypted emails to a recipient without having to first require the recipient to be an existing registered user of IronCAP X™. This invention enables a seamless plug-and-play mechanism to automatically invite new IronCAP X™ users fueling a viral growth pattern.
- 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.

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:

(i) Corporate direction. On December 16, 2024 the Company announced a plan to hold a virtual conference, which it held on December 18th, presenting its PQC roadmap and technologies. During the presentation, Andrew Cheung, CEO of 01, explained the Company's focus on developing end user products that are PQC-compliant, summarized as follows:

- The importance of the Company's US patent number 11,669,833. This technology has the ability to make any existing cryptocurrency safe against the power of quantum computers (PQC-compliant). Utilizing this patent the Company completed a PQC-compliant Solana ("SOL") L1 blockchain. The product is ready to go and the Company has expectations of commercialization in 2025 together with a partner possessing the necessary marketing capabilities.
- The Company is accelerating its development in PQC-compliant Artificial Intelligence ("AI") platform. The Company's goal is for a demonstration of the product prior to the end of the year.

- Expanding on the Company's IronCAP X™ product to support cross-platform users of Windows, Mac, iOS, and Android. The Company believes this to be the world's first end-to-end email/file encryption and digital signing system that is PQC-compliant.
- The Company has committed to develop the world's first PQC-compliant true end-to-end mobile messaging platform without a master key or backdoor. The end result is a completely secure product as no one will have unauthorized access.

(ii) Sound financial footing. Subsequent to year end, on January 7, 2025 the Company closed a non-brokered private placement of units ("Units") ") with several strategic investors led by Antanas Guoga (Tony G) for gross proceeds of $920,000 (see Section 21 Subsequent Events (a) Private Placement for more details). Tony G along with the other investors have voluntarily agreed to a contractual hold (in addition to the regulatory four month hold period) for twelve months which hold will expire on January 7, 2026. 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.

(iii) New partnership in Asia. As announced on January 21, 2025 the Company entered into a partnership agreement with Real Matter Technology Company ("Real Matter"), a fintech-semiconductor research company with headquarters in Hong Kong. Real Matter specializes in developing KYC/AML-compliant blockchain solutions to enable real-world asset tokenization and providing quantum-safe chip technology for crypto-OTC trading platforms. 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. The Company believes this partnership marks a significant step forward in the adoption of quantum-safe technologies in the fintech and semiconductor industries. By leveraging the Company's IronCAP™ PQC technology, Real Matter aims to enhance the security and compliance of blockchain solutions and crypto-OTC trading platforms, ensuring they are well-prepared for the quantum computing era.

(iv) Incorporating industry standards. With a goal to establish standards for PQC, in April 2024, the National Institute of Science and Technology ("NIST") hosted what is believed to be their last PQC conference prior to publishing their final recommendation of PQC algorithms. The Company believes it has a significant advantage over competitors as the Company has been able to predict NIST's recommendations years before their final announcement. To date 4 out of 5 of NIST's recommendations have been incorporated in the existing IronCAP™ PQC cryptographic engine. The Company is now waiting for NIST's final announcement to be a perfect score of five for five.

6. Overview of Results of Operations:

The information in the financial table below present selected financial information for the three years ended October 31, 2024, 2023 and 2022. Information has been prepared in accordance with IFRS. The amounts are in Canadian Dollars.

	For the years ended 31-Oct-24	*31-Oct-23*	*31-Oct-22*
Revenue	$ 412,948	$ 474,491	$ 1,026,810
Expenses:			
Selling, general and administrative	574,440	769,507	857,814
Research and development	123,729	391,347	815,836
Withholding taxes	36,370	45,896	75,508
	734,539	1,206,750	1,749,158
Loss before other income and expense	(321,591)	(732,259)	(722,348)
Foreign exchange gain (loss)	912	(2,041)	61,177
Interest income	4,027	15,343	4,482
Interest expense	(2,138)	(3,155)	(5,315)
Loss for the year and comprehensive loss	$ (318,790)	$ (722,112)	$ (662,004)

Revenue and expenses have fluctuated during the three year periods, as has the loss which is significantly less in fiscal 2024. The loss and comprehensive loss for fiscal 2024 was $318,790 which is significantly less than the loss of $722,112 in fiscal 2023 and $662,004 in fiscal 2022. The major reasons for the variances in revenue and expenses for fiscal years 2022 through 2024 are as follows:

(a) Revenue: During 2023 and 2022 there was an increase in recurring royalty revenue from the Company's remote access service which the Company believes was a result of a response to the coronavirus pandemic whereby many companies moved towards remote work during those years. During fiscal 2023 this royalty revenue leveled off as many started to move back to the office. In 2024 as this trend continued the associated royalty revenue started to come down. It has now levelled off at the current level. In 2022 revenue was also recognized for development work for the completion of a quantum-safe blockchain project. In addition, during fiscal 2022 revenue was recognized for development contracts pertaining to enhancements for the remote access service, marketed by Hitachi Solutions Create as DoMobile, for the Japanese market. Going forward, the Company expects revenue growth to come from its PQC-compliant quantum-safe technology.

(b) Expenses decreased from year to year. The Company invested significantly throughout the past several years in the development and preparation for commercialization of its IronCAP™ technology. Product development expenses were curtailed during fiscal 2023 and further in fiscal 2024 as a number of development projects and milestones were completed which included enhancements to its remote access product, integration of IronCAP™ into the Company's partners' HSM, and the integration of IronCAP™ into existing public blockchains. This has allowed the Company to reduce operating expenses throughout this period keeping them in line with its ongoing royalty revenue.

(c) Withholding tax represent taxes withheld based on revenue received from foreign customers and fluctuates directly with the level of the applicable foreign revenue.

(d) There was a foreign exchange gain in fiscal 2022. Substantially all of the Company's revenue is 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. During fiscal 2022 there was a fairly significant decrease in the exchange rate between the Canadian dollar and the U.S. dollar and Japanese Yen resulting in a foreign exchange gain for 2022.

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.

	For the years ended		*For the three months ended*	
	31-Oct-24	*31-Oct-23*	*31-Oct-24*	*31-Oct-23*
Total operating expenses	$ 698,169	$ 1,160,854	$ 172,320	$ 290,457
Less - Stock based compensation	156,146	203,823	32,328	39,641
Depreciation	8,794	9,848	2,064	2,562
Cash operating expenses	$ 533,229	$ 947,183	$ 137,928	$ 248,254

(In Canadian dollars)

Cash operating expenses for fiscal 2024 were $533,229 (2023 - $947,183) a decrease of $413,954. For the fourth quarter 2024 cash operating expenses were $137,928 (2023 - $248,254) a decrease of $110,326. Product development expenses were curtailed throughout fiscal 2024 as a number of development projects and milestones were completed which included enhancements to its remote access product, integration of IronCAP™ into the Company's partners' HSM, and the integration of IronCAP™ into existing public blockchains. This has allowed the Company to reduce operating expenses keeping them in line with its ongoing royalty revenue.

(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.

	For the years ended		*For the three months ended*	
	31-Oct-24	*31-Oct-23*	*31-Oct-24*	*31-Oct-23*
Loss for the period and comprehensive loss	$ (318,790)	$ (722,112)	$ (97,698)	$ (167,660)
Less: non cash operating expenses	164,940	213,671	34,392	42,203
Adjusted Loss for the period	$ (153,850)	$ (508,441)	$ (63,306)	$ (125,457)

The net loss and comprehensive loss for fiscal 2024 of $318,790 (2023 – $722,112) includes as part of operating expenses non-cash expenses of $164,940 (2023 - $213,671). Excluding these non-cash operating expenses, which are included in operating expenses, the adjusted loss for fiscal 2024 becomes $153,850 (2023 – $508,441) a decrease of $354,591. For the fourth quarter the adjusted loss was $63,306 (2023 - $125,457) a reduction of $62,151. While there was a decrease in revenue for fiscal 2024 and for the fourth quarter, the Company was also able to reduce its cash operating expenses throughout the year as a number of development projects and milestones were completed as explained above, and reduced expenditures in investor relations as well as contractor fees for marketing services as the projects being worked on were completed in the early part of 2024.

(In Canadian dollars)

8. Results of Operations:

	For the three months ended		*For the years ended*	
	31-Oct-24	*31-Oct-23*	*31-Oct-24*	*31-Oct-23*
Revenue	$ 82,155	$ 133,709	$ 412,948	$ 474,491
Expenses:				
Selling, general and administrative	179,688	239,100	574,440	769,507
Research and development	(7,368)	51,357	123,729	391,347
Withholding taxes	7,935	13,031	36,370	45,896
	180,255	303,488	734,539	1,206,750
Loss before other income and expense	(98,100)	(169,779)	(321,591)	(732,259)
Foreign exchange gain (loss)	912	(2,041)	912	(2,041)
Interest income	-	5,076	4,027	15,343
Interest expense	(510)	(916)	(2,138)	(3,155)
Loss for the period and comprehensive loss	$ (97,698)	$ (167,660)	$ (318,790)	$ (722,112)
Loss per common share				
Basic	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of common shares				
Basic	96,364,554	96,364,554	96,364,554	96,296,746
Diluted	96,364,554	96,364,554	96,364,554	96,296,746

Revenue

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

	For the years ended		*For the three months ended*	
	31-Oct-24	*31-Oct-23*	*31-Oct-24*	*31-Oct-23*
United States	$ 7,431	$ 8,045	$ 2,028	$ 3,543
Canada	4,753	7,488	771	(144)
Asia/Pacific	400,764	458,958	79,356	130,310
	$ 412,948	$ 474,491	$ 82,155	$ 133,709

(In Canadian dollars)

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

	For the years ended		For the three months ended	
	31-Oct-24	31-Oct-23	31-Oct-24	31-Oct-23
Royalty, development fees, engineering and maintenance	$ 400,764	$ 458,958	$ 79,356	$ 130,310
Subscription fees	12,184	15,533	2,799	3,399
	$ 412,948	$ 474,491	$ 82,155	$ 133,709

Revenue for fiscal 2024 was $412,948 (2023 - $474,491) a decrease of $61,543 and for the fourth quarter 2024 was $82,155 (2023 - $133,709) a decrease of $51,554. Contributing factors to the decrease in both periods include:

- Revenue is derived from licenses associated with ongoing recurring subscription fees from the Company's legacy remote access service. Throughout 2024 as people returned to work after Covid, royalty revenue decreased and has now started to level off.
- Revenue from Canada and the United States includes subscription fees received from the Company's I'm InTouch service, which has decreased.

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 fiscal 2024 and 2023 was 100%.

Selling, general and administration ("SG&A")

	For the years ended		For the three months ended	
	31-Oct-24	31-Oct-23	31-Oct-24	31-Oct-23
Selling, general and administration	$ 574,440	$ 769,507	$ 179,688	$ 239,100
less: stock-based compensation	156,146	203,823	32,328	39,641
	$ 418,294	$ 565,684	$ 147,360	$ 199,459

SG&A expenses, net of stock-based compensation for fiscal 2024 were $418,294 (2023 - $565,684) a decrease of $147,390. For the fourth quarter 2024 SG&A expenses, net of stock-based compensation were $147,360 (2023 - $199,459) a decrease of $52,099. The decrease throughout 2024 was primarily a result of reduced expenditures in investor relations as well as contractor fees for marketing services as the projects being worked on were completed in the early part of 2024.

(In Canadian dollars)

Stock-based compensation for fiscal 2024 were $156,146 (2023 - $203,823) a reduction of $47,677 and for the fourth quarter 2024 were $32,328 (2023 - $39,641) a reduction of $7,313. The average grant date fair value of options granted during 2024 was $0.04 (2023 - $0.09). 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 year ended October 31, 2024: expected dividend yield of nil (2023 - nil), expected volatility of 115% (2023 – 113% and 115%), weighted average risk-free interest rate of 3% (2023 - 3%) and expected lives of four years (2023 – four years).

Research and development

	For the years ended		*For the three months ended*	
	31-Oct-24	*31-Oct-23*	*31-Oct-24*	*31-Oct-23*
Research and development	$ 123,729	$ 391,347	$ (7,368)	$ 51,357

Research and development expenses for fiscal 2024 were $123,729 (2023 - $391,347) a decrease of $267,619. For the fourth quarter 2024 research and development expenses were $(7,368) (2023 - $51,357) a decrease of $58,725. Product development expenses were curtailed towards the end of fiscal 2023 as a number of R&D projects and milestones were completed which included enhancements to its remote access product, integration of IronCAP™ into the Company's partners' HSM, and the integration of IronCAP™ into existing public blockchains. This has allowed the Company to reduce operating expenses keeping them in line with its ongoing royalty revenue throughout fiscal 2024. During the fourth quarter 2024 the Company provided for its fiscal 2024 federal SRED tax credit which amount was in excess of expenses incurred for the fourth quarter resulting in a negative expense for the quarter.

(In Canadian dollars)

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:

For the year ended 31-Oct-24	SG&A	Research & development	Total
Salaries, contractors, commissions and benefits	$ 234,614	$ 86,086	$ 320,700
Stock-based compensation	156,146	-	156,146
Other operating expenses	183,680	37,643	221,323
	$ 574,440	$ 123,729	$ 698,169

For the year ended 31-Oct-23	SG&A	Research & development	Total
Salaries, contractors, commissions and benefits	$ 291,121	$ 322,525	$ 613,646
Stock-based compensation	203,823	-	203,823
Other operating expenses	274,563	68,822	343,385
	$ 769,507	$ 391,347	$ 1,160,854

For the three months ended 31-Oct-24	SG&A	Research & development	Total
Salaries, contractors, commissions and benefits	$ 58,467	$ 502	$ 58,969
Stock-based compensation	32,328	-	32,328
Other operating expenses	88,893	(7,870)	81,023
	$ 179,688	$ (7,368)	$ 172,320

For the three months ended 31-Oct-23	SG&A	Research & development	Total
Salaries, contractors, commissions and benefits	$ 75,095	$ 47,976	$ 123,071
Stock-based compensation	39,641	-	39,641
Other operating expenses	124,364	3,381	127,745
	$ 239,100	$ 51,357	$ 290,457

(In Canadian dollars)

Operating expenses for fiscal 2024 were $698,169 (2023 - $1,160,854) a reduction of $462,685 and for the fourth quarter 2024 were $172,320 (2023 - $290,457) a reduction of $118,137.

Salaries, contractors, commissions and benefits in fiscal 2024 were $320,700 (2023 - $613,646) a decrease of $292,946. The major contributing factor to the decrease was a result of a decrease in personnel related costs in SG&A and research and development as a number of R&D projects and milestones were completed which included enhancements to its remote access product, integration of IronCAP™ into the Company's partners' HSM, and the integration of IronCAP™ into existing public blockchains. In SG&A the decrease was primarily a result of reduced expenditures in investor relations as well as contractor fees for marketing services as the projects being worked on were completed in the early part of 2024.

Salaries, contractors, commissions and benefits for the fourth quarter 2024 were $58,969 (2023 - $123,071) a decrease of $64,102 due primarily to the reduction in development expenses as explained above.

Other operating expenses required to run the business for fiscal 2024 were $221,323 (2023 - $343,385) a decrease of $122,062. Contributing factors to the decrease were costs incurred in fiscal 2023 of non-recurring expenses pertaining to the write down of the investment in Talent Summit in the fourth quarter fiscal 2023 and as well the completion of investor relations campaigns in early fiscal 2023.

Other operating expenses required to run the business for the fourth quarter fiscal 2024 were $81,023 (2023 - $127,745) a reduction of $46,722 primarily a result of the non-recurring expense pertaining to the write down of the investment in Talent Summit as explained above.

Stock-based compensation for fiscal 2024 was $156,146 (2023 - $203,823) a reduction of $47,677 and for the fourth quarter 2024 was $32,328 (2023 - $39,641) a reduction of $7,313. The average grant date fair value of options granted during 2024 was $0.04 (2023 - $0.09). 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 year ended October 31, 2024: expected dividend yield of nil (2023 - nil), expected volatility of 115% (2023 – between 113% and 115%), weighted average risk-free interest rate of 3% (2023 - 3%) and expected lives of four years (2023 – four years).

10. Liquidity and Capital Resources:

As at:	*31-Oct-24*	*31-Oct-23*
Cash	$ 139,126	$ 272,540
Guaranteed investment certificate	-	80,000
Combined amounts	$ 139,126	$ 352,540

(In Canadian dollars)

Combined amounts were $139,126 as at October 31, 2024 (2023 - $352,540) a decrease of $213,414 primarily a result of the following:

1. The Company funding its adjusted loss for 2024 of $153,850 which is a use of funds.
2. A decrease in non-cash working capital of $16,920.
3. Repayment of the Canadian emergency business loan of $40,000 which is a source of funds.

	As at:	
	31-Oct-24	*31-July-24*
Cash	$ 139,126	$ 125,716

Cash as at October 31, 2024 was a $139,126 (July 31, 2024 - $125,716) an increase of $13,410 for the fourth quarter 2024, primarily a result of the following:

1. The Company funding its adjusted loss for the fourth quarter 2024 of $63,306 which is a use of funds.
2. A decrease in non-cash working capital of $77,409 primarily a result of a decrease in accounts receivable and an increase in accounts payable.

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. See Section 21 – Subsequent Events for details on the January 7, 2025 private placement.

At October 31, 2024, the Company had financial assets, consisting of cash, guaranteed investment certificate and accounts receivable of $202,028 (2023 - $440,506) and financial liabilities, consisting of accounts payable and accrued liabilities, the Canadian emergency business account loan and the lease liability of $125,093 (2023 - $205,867).

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

11. Investment:

The Company made a minority investment in Talent Summit, a private company incorporated in The Bahamas during the year ended October 31, 2022 for an initial cost of $1,500 and an additional deposit of $30,000 for a future investment in Talent Summit. During the year ended October 31, 2023, Management determined that the fair value of the investment in Talent Summit was nil as the operations had been suspended pending further market research. As a result, for the year ended October 31, 2023 the Company recognized a $1,500 impairment of the investment and expensed the $30,000 deposit to be applied against a future investment. The estimated fair value at October 31, 2024 continues to be $nil.

12. 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 3,030 (2023 – USD 22,759) and cash of USD 62,050 (2023 – USD 135,069). Net monetary assets due in Japanese Yen include accounts payable of 564,889 Yen, $5,179 CAD equivalent, (2023 – 608,880 Yen, $5,583 CAD equivalent), nil cash held in Yen (2023 - 2,747,533 Yen, $25,145 CAD equivalent) and accounts receivable of 5,648,892 Yen, $51,790 CAD equivalent (2023 – 6,100,741 Yen, $55,834 CAD equivalent).

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 October 31, 2024, the Company had net monetary assets in U.S. dollars of USD 59,020 (2023 – USD 109,520) and net monetary assets in the Japanese Yen of 5,084,003 (2023 – 8,239,494). An increase or decrease in the U.S. to Canadian dollar exchange rate by 10% as at October 31, 2024 would have resulted in a gain in the amount of $8,150 (2023 - $15,400) or a loss of $8,150 (2023 - $15,400), respectively. An increase or decrease in the Japanese Yen to Canadian dollar exchange rate by 10% as at October 31, 2024 would have resulted in a gain in the amount of $4,660 (2023 - $7,550) or a loss of $4,660 (2023 – (7,550), 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.

13. 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.

14. 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 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.

(In Canadian dollars)

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.

15. Related Party Transactions:

The remuneration of directors and other key management personnel of the Company during the years ended October 31, 2024 and 2023 was as follows:

	2024	2023
Salaries and contractor fees	$ 232,500	$ 257,000
Stock-based compensation	142,375	168,500
Total	$ 374,875	$ 425,500

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 2024 were $49,500 (2023 - $74,000) 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 2024 of $84,000 (2023 - $84,000) 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 October 31, 2024 is $22,913 (2023 - $12,300). They are unsecured, non-interest bearing with no fixed terms of payment and were paid subsequent to the end of the year.

16. 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.

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.

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.

17. 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.

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 and Section 21. Subsequent Events for details of the January 7, 2025 Private Placement.

(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 where the shares are traded in the U.S. the symbol is OONEF and the shares are quoted in the US on the OTC Pink market.

(d) New Products and Technological Change

The communications 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 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.

(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.

(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 12% 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.

(In Canadian dollars)

18. 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 October 31, 2024 as prepared in accordance with IFRS.

for the 3 months ending	***31-Oct-24***	***31-Jul-24***	***30-Apr-24***	***31-Jan-24***
Revenue	$ 82,155	$ 126,103	$ 106,220	$ 98,470
Expenses:				
Selling, general and administrative	179,688	119,080	123,558	152,114
Research and development	(7,368)	34,538	44,812	51,747
Withholding taxes	7,935	12,302	7,623	8,510
	180,255	165,920	175,993	212,371
Loss before interest, other income and expense	$ (98,100)	$ (39,817)	$ (69,773)	$ (113,901)
Foreign exchange gain (loss)	912	-	-	-
Interest income	-	367	1,548	2,112
Interest expense	(510)	(723)	(413)	(492)
Loss for the period and comprehensive loss	$ (97,698)	$ (40,173)	$ (68,638)	$ (112,281)

for the 3 months ending	***31-Oct-23***	***31-Jul-23***	***30-Apr-23***	***31-Jan-23***
Revenue	$ 133,709	$ 106,197	$ 127,782	$ 106,803
Expenses:				
Selling, general and administrative	239,100	145,054	186,128	199,225
Research and development	51,357	73,995	118,312	147,683
Withholding taxes	13,031	10,220	12,395	10,250
	303,488	229,269	316,835	357,158
Loss before interest, other income and expense	$ (169,779)	$ (123,072)	$ (189,053)	$ (250,355)
Foreign exchange gain (loss)	(2,041)	-	-	-
Interest income	5,076	3,925	2,698	3,644
Interest expense	(916)	(505)	(937)	(797)
Loss for the period and comprehensive loss	$ (167,660)	$ (119,652)	$ (187,292)	$ (247,508)

19. Disclosure Controls and Internal Controls over Financial Reporting:

In the course of evaluating its internal controls over financial reporting as at October 31, 2024, 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 October 31, 2024 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 year ended October 31, 2024 that would have materially affected the Company's internal controls over financial reporting.

20. Disclosure of Outstanding Share Data as at January 22, 2025:

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.
Issued 100,614,554 common shares after giving consideration for the 4,000,000 common shares issued pursuant to the January 7, 2025 private placement and exercise of stock options as summarized below.

(In Canadian dollars)

As at January 22, 2025, there were 6,665,000 stock options outstanding convertible into common shares at exercise prices ranging from $0.05 to $046. The options expire between June 9, 2025 and January 15, 2029. The following table summarizes the changes from October 31, 2024:

	Number	Weighted average exercise price
Options outstanding October 31, 2024	6,265,000	$ 0.15
Granted	750,000	$ 0.37
Exercised	(250,000)	$ 0.23
Expired	(100,000)	$ 0.38
Options outstanding January 22, 2025	6,665,000	$ 0.16

The following table summarizes the warrants that are outstanding as at January 22, 2025. The warrants were issued pursuant to the January 7, 2025 private placement.

	Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price
Warrants issued	$ 0.75	4,000,000	3.00	$ 0.75

21. Subsequent Events:

(a) Private Placement

On January 7, 2025 the Company closed a non-brokered private placement of units ("Units") for gross proceeds of $920,000. Pursuant to the offering the Company issued a total of 4,000,000 Units. The securities issued in connection with the offering were issued pursuant to applicable exemptions from the prospectus requirements under applicable securities laws. In addition, the investors have voluntarily agreed to a contractual hold (in addition to the regulatory four month hold period) for twelve months which hold will expire on January 7, 2026. Each Unit was issued at a price $0.23 and consists of one common share in the capital of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of $0.75 per Common Share at any time on or before January 7, 2028.

(In Canadian dollars)

(b) Grant of Options

The Company granted 750,000 stock options 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
16-Dec-24	16-Dec-25	300,000	$	0.32	100,000 on each of:
					16-Jan-2025
					20-Feb-2025
					20-Mar-2025
09-Jan-25	09-Jan-27	200,000	$	0.45	200,000 on 9-Jul-2025
15-Jan-25	15-Jan-29	250,000	$	0.465	62,500 on each of:
					15-Jul-2025
					15-Jan-2026
					15-Jul-2026
					15-Jan-2027
Total		750,000			

(c) Exercise of Options

There were 250,000 stock options exercised by third party contractors at an average exercise price of $0.23.

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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In U.S. OTC Pink: OONEF