

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF  
ADYA INC.  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

## **TO THE SHAREHOLDERS OF ADYA INC.**

The unaudited condensed interim consolidated statements of financial position of Adya Inc. at September 30, 2022, the unaudited condensed interim consolidated statements of operations and comprehensive income (loss) for the three-and nine month periods ended September 30, 2022 and September 30, 2021, and the unaudited condensed interim consolidated statements of shareholders' equity and cash flows for the nine-month periods ended September 30, 2022 and September 30, 2021 have not been reviewed by the Company's auditors.

These unaudited condensed interim consolidated financial statements are the responsibility of management and have been reviewed and approved by the Company's Audit Committee and Board of Directors.

# Adya Inc.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

(In Canadian Dollars)

As at September 30, 2022 and December 31, 2021

	Note	September 30, 2022	December 31, 2021
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	4	\$ 33,142	\$ 96,060
Trade and other receivables, net of allowance for doubtful accounts	5	226,262	266,691
Inventory		16,311	33,884
Prepaid expenses and other		498,576	486,869
<b>Total current assets</b>		<b>774,291</b>	<b>883,504</b>
Non-current assets:			
Right-of-use assets	6	217,577	379,435
Property and equipment	7	74,238	118,737
Intangible assets	8	76	984
<b>Total non-current assets</b>		<b>291,891</b>	<b>499,156</b>
<b>Total assets</b>		<b>\$ 1,066,182</b>	<b>\$ 1,382,660</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>			
Current liabilities:			
Accounts payable and accrued liabilities	14	\$ 1,534,046	\$ 1,060,323
Lease liabilities - current	9	188,483	220,873
Due to related party	19	597,995	453,427
Deferred revenue		494,964	506,336
Notes payable – current	10	177,836	177,836
<b>Total current liabilities</b>		<b>2,993,324</b>	<b>2,418,795</b>
Non-current liabilities:			
Lease liabilities	9	72,411	217,703
Notes payable - long term	10	640,799	640,799
Long term loan		60,000	60,000
<b>Total non-current liabilities</b>		<b>773,210</b>	<b>918,502</b>
<b>Total liabilities</b>		<b>3,766,534</b>	<b>3,337,297</b>
Shareholders' equity (deficiency):			
Share capital	11(a)	5,634,247	5,634,247
Contributed surplus	11(b)	621,402	621,402
Deficit		(8,956,001)	(8,210,286)
<b>Total shareholders' equity (deficiency)</b>		<b>(2,700,352)</b>	<b>(1,954,637)</b>
<b>Total equity and liabilities</b>		<b>\$ 1,066,182</b>	<b>\$ 1,382,660</b>
Contingencies	17		
Subsequent events	21		

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Approved on behalf of the Board:

**"Samer Bishay"** Director

**"Magdi Wanis"** Director

# Adya Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss (unaudited)

(In Canadian Dollars)

Three and nine months ended September 30, 2022 and 2021

	Note	Three months ended September 30.		Nine months ended September 30	
		2022	2021	2022	2021
Revenue		\$ 1,038,083	\$ 1,194,115	\$ 3,224,616	\$ 3,655,358
Telecommunications costs		436,007	634,118	1,450,218	2,023,573
Gross margin		602,076	559,997	1,774,398	1,631,785
Operating expenses					
General and administrative		660,280	611,243	1,926,103	1,628,549
Marketing and selling		14,202	80,008	87,144	217,738
Development and technical support		76,158	76,233	231,639	230,148
Depreciation and amortization	6,7,8	62,077	17,880	211,591	187,372
		812,717	785,364	2,456,477	2,263,807
Operating loss before finance costs and other income		(210,641)	(225,367)	(682,079)	(632,022)
Finance costs, net		(20,153)	(30,675)	(69,162)	(88,023)
Other income		2,339	37,835	5,526	142,225
		(17,814)	7,160	(63,636)	54,202
Loss before income taxes		(228,455)	(218,207)	(745,715)	(577,820)
Income tax (expense) recovery	3	-	-	-	-
Net loss and comprehensive loss		\$ (228,455)	\$ (218,207)	\$ (745,715)	\$ (577,820)
Loss per share: Basic and diluted	12	\$ (0.010)	\$ (0.009)	\$ (0.032)	\$ (0.024)

The accompanying notes are an integral part of these consolidated financial statements

# Adya Inc.

Condensed Interim Consolidated Statements of Shareholders' deficiency (unaudited)

(In Canadian Dollars)

Nine months ended September 30, 2022 and 2021

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	Share capital	Contributed surplus	Deficit	Total shareholders' equity (deficiency)
<b>Balance, December 31, 2020</b>	<b>\$ 5,634,247</b>	<b>\$ 621,402</b>	<b>\$ (7,465,278)</b>	<b>\$ (1,209,629)</b>
Net loss for the period	-	-	(577,820)	(577,820)
<b>Balance, September 30, 2021</b>	<b>5,634,247</b>	<b>621,402</b>	<b>(8,043,098)</b>	<b>(1,787,449)</b>
<b>Balance, December 31, 2021</b>	<b>\$ 5,634,247</b>	<b>\$ 621,402</b>	<b>\$ (8,210,286)</b>	<b>\$ (1,954,637)</b>
Net loss for the period	-	-	(745,715)	(745,715)
<b>Balance, September 30, 2022</b>	<b>\$ 5,634,247</b>	<b>\$ 621,402</b>	<b>\$ (8,956,001)</b>	<b>\$ (2,700,352)</b>

The accompanying notes are an integral part of these consolidated financial statements

# Adya Inc.

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

(In Canadian Dollars)

Nine months ended September 30, 2022 and 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (745,715)	\$ (577,820)
Adjustment for non-cash items:		
Depreciation and amortization (Note 6,7,8)	211,590	252,617
Finance costs, net	23,060	38,567
Change in non-cash operating working capital:		
Trade and other receivables	40,429	(119,370)
Inventory	17,573	528
Prepaid expenses and other	(11,707)	(34,773)
Accounts payable and accrued liabilities and provisions	473,724	201,637
Lease payments	(200,742)	(166,660)
Due to related party	144,568	163,812
Deferred revenue	(11,372)	12,867
	<b>(58,592)</b>	<b>(228,595)</b>
Financing activities:		
Proceeds from notes payable	-	254,377
Proceeds from long term loan	-	20,000
Repayment of notes payable	-	(38,567)
	-	235,810
Investing activities:		
Purchase of equipment	(4,326)	(4,458)
	<b>(4,326)</b>	<b>(4,458)</b>
Increase (decrease) in cash and cash equivalents	<b>(62,918)</b>	2,757
Cash and cash equivalents, beginning of period	96,060	93,067
Cash and cash equivalents, end of period	<b>\$ 33,142</b>	<b>\$ 95,824</b>

The accompanying notes are an integral part of these consolidated financial statements

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

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## 1. Nature of business and going concern:

Adya Inc. (the "Company") was incorporated under the laws of the Province of Ontario. The Company's registered office and its head office is located at 675 Cochrane Dr, Markham, Ontario. The consolidated financial statements of the Company comprise the Company and its wholly-owned subsidiaries International Telehop Network Systems Inc., G3 Telecom USA Inc., 179766 Ontario Inc. Telehop Agencies Inc., iRoam Mobile Solutions Ltd., Telehop Global Israel Inc., Telehop Management Inc., Telehop Rebillers Limited, The Friend Network Inc., The Friend Network Services Inc., ALO Telecom Inc., Ellora Phillipines Telecom Inc., Communications Interlink Inc., Elite Communications Inc., Telehop Carrier Services Inc., Worldhop.Com Inc., and Ten-Ten-Nine-Twenty Ltd. The Company is a full-service telecommunication provider and is registered with the Canadian Radio-Television and Telecommunications Commission as a licensed Class "A" Telecom Carrier. As at September 30, 2022, Iris Technologies Inc. owned approximately 90% of the Company's common shares and is the controlling shareholder of the Company.

The Company's common shares trade on the TSX Venture Exchange under the symbol "ADYA".

As at September 30, 2022, the Company had working capital deficiency of \$2,219,033 (December 31, 2021 - \$1,535,291), had not yet achieved profitable operations, had accumulated losses of \$8,956,001 (December 31, 2021 - \$8,210,286), and currently expects to incur further losses in the development of its business. There is no assurance that the operations of the Company and any future operations will be successful and profitable. These conditions raise material uncertainties as to the use of the going concern assumption in these consolidated financial statements.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

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## 1. Nature of business (continued):

In March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

Adya has managed the impacts on its operations related to the COVID-19 crisis to ensure that it could pursue its operations and serve its customers as an essential service provider in the areas to where it operates. Given the quick spread of COVID-19 and an increase in countries imposing restrictions on movement, business and personnel required more time at home and more usage of data for work and leisure, resulting in less impact on the Telecom sector than others given the need to stay connected remotely. Short term negative impact has been on the travel segment of the Company’s business (Iroam) however this has partially been offset by an increase in revenue from Casual Calling to stay connected while maintaining social distance. The Company is also undertaking to launch new products and services to replace lost revenues. As a technology company, Adya already had in place the ability for its workforce to work remotely. However, the Company’s staff do require access to data centers and network for maintenance. Additionally, customer equipment needs to be configured and tested before it is shipped. These activities are now either performed through staff rotation to minimize contact or at employee homes.

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

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## 2. Statement of compliance and basis of presentation:

### (a) Statement of compliance:

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB) and the accounting policies we have adopted in accordance with International Financial Reporting Standards (IFRS). These unaudited interim consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly the Company's financial position as at September 30, 2022 and the Company's financial performance, comprehensive income and cash flows for the nine months ended September 30, 2022. The policies set out below are based on IFRS issued and outstanding as of November 18, 2022, being the date the consolidated financial statements were approved by the Board of Directors and authorized for issuance.

### (b) Basis of preparation:

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value as described in the accounting policies. The consolidated financial statements are prepared in Canadian dollars, which is the Company's functional currency.

### (c) Basis of consolidation:

(i) **Subsidiaries:** Subsidiaries are entities controlled by the Company where control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements. All subsidiaries of the Company are wholly owned and controlled by the Company.

### (ii) Transactions eliminated on consolidation:

Inter-company balances and transactions between subsidiaries are eliminated in preparing the consolidated financial statements.

## 3. Significant accounting policies:

### Significant accounting policies:

The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation and described in Note 2 of the annual financial statements as at and for the year ended December 31, 2021, with the exception of new and revised standards along with any consequential amendments, effective January 1, 2022. Accordingly, these interim financial statements for the three and nine months ended September 30, 2022 and 2021 should be read together with the annual financial statements as at and for the year ended December 31, 2021.

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

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### 3. Significant accounting policies (continued):

Use of estimates and critical judgments:

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key areas requiring judgment and estimation uncertainty include:

- Allowance for doubtful accounts - In developing the estimates for an allowance against existing receivables, the Company considers general and industry economic and market conditions as well as credit information available for the customer and the aging of the account. Changes in the carrying amount due to changes in economic and market conditions could significantly affect the earnings for the period;
- Useful lives of intangible assets and property and equipment - Management's judgment involves determining the expected useful lives of depreciable assets, to determine depreciation and amortization methods, and the asset's residual value;
- Impairment of non-financial assets - The process to determine whether there are triggering events of impairment of non-financial assets as well as the calculation of value in use requires use of assumptions such as estimates of future cash flows, discount rates and terminal growth rates;
- Stock-based compensation - In valuing stock options granted, the Company uses the Black-Scholes option pricing model. Several assumptions are used in the underlying calculation of fair values of the Company's stock options using the Black-Scholes option pricing model including the expected life of the option, risk-free interest rate and volatility of the underlying stock;
- Provisions - Judgment is required to assess the likelihood of an outflow of the economic benefits to settle contingencies, such as litigations, which may require a liability to be recognized. Significant judgments include assessing estimates of future cash flows and the probability of the occurrence of future events;
- Valuation of deferred income tax assets and liabilities - A deferred tax asset is recognized for unused losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. Detailed estimates are required in evaluating the probability that deferred tax assets will be utilized. The Company's assessment is based on existing tax laws, estimates of future profitability, and tax planning strategies; and

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

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### 3. Significant accounting policies (continued):

- Going concern - These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment in determining assumptions for cash flow projections, such as anticipated financing, anticipated revenue and future commitments to assess the Company's ability to continue as a going concern. A critical judgment is that the Company continues to raise funds going forward and satisfy their obligations as they become due.
- Notes payable – Judgement applicable to the notes payable include the appropriate risk-adjusted discount rate and repayment term included in the determination of amortized cost.

### 4. Cash and cash equivalents:

The Company's exposure to interest rate risk for the three and nine months ended September 30, 2022, in respect of cash balances, was not considered significant and is disclosed in Note 15.

### 5. Trade and other receivables:

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	September 30, 2022	December 31, 2021
Trade and other receivables	\$ 304,746	\$ 316,249
Allowance for doubtful accounts	(78,484)	(49,558)
	<u>\$ 226,262</u>	<u>\$ 266,691</u>

#### (a) Trade receivables:

The average credit period for receivables is 30 days. Interest and late payment charges are charged thereafter at 2% per month on the outstanding balance.

The Company has credit evaluation, approval and monitoring processes to assess new customers' credit quality that mitigate potential credit risks. Credit limits are imposed on each customer, which are reviewed annually.

#### (b) Allowance for doubtful accounts:

The Company has recognized an allowance for doubtful accounts of 100% against receivables over 90 days except for certain accounts that are deemed collectible or have been collected subsequent to year end. Allowance for doubtful accounts is also recognized against current and under 90 days receivables based on account status at the end of the reporting period. The concentration of credit risk is limited due to the large and unrelated customer base serviced by the Company (see Note 15).

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

## 6. Right-of-use asset:

	<b>Premises Lease #1</b>	<b>Premises Lease #2</b>	<b>Total</b>
Balance, January 1, 2021	\$ 121,351	\$ 486,344	\$ 607,695
Depreciation	(74,678)	(153,582)	(228,260)
Balance, December 31, 2021	46,673	332,762	379,435
Depreciation	(46,673)	(115,185)	(161,858)
Balance, September 30, 2022	-	217,577	217,577

Leases are depreciated over their term.

Premises Lease #1 is leased from a related party, Iris Technologies Inc. (see Note 19).

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

## 7. Property and equipment:

	Switch equipment	Telecom equipment	Furniture and fixtures	Computer and customer equipment	Leasehold improvements	Total
<b>Cost</b>						
Balance, December 31, 2020	\$ 941,524	\$ 642,577	\$ 121,515	\$ 504,042	\$ 37,280	\$ 2,246,938
Additions	-	-	-	4,458	-	4,458
Balance, December 31, 2021	941,524	642,577	121,515	508,500	37,280	2,251,396
Additions	-	-	-	4,326	-	4,326
Balance, September 30, 2022	\$ 941,524	\$ 642,577	\$ 121,515	\$ 512,826	\$ 37,280	\$ 2,255,722
<b>Accumulated Depreciation</b>						
Balance, December 31, 2020	\$ 754,563	\$ 641,291	\$ 121,515	\$ 481,863	\$ 37,280	\$ 2,036,512
Depreciation	90,179	524	-	5,444	-	96,151
Balance, December 31, 2021	844,742	641,815	121,515	487,307	37,280	2,132,659
Depreciation	34,875	394	-	13,556	-	48,825
Balance, September 30, 2022	\$ 879,617	\$ 642,209	\$ 121,515	\$ 500,862	\$ 37,280	\$ 2,181,484
<b>Carrying amount</b>						
As at December 31, 2021	\$ 96,782	\$ 762	\$ -	\$ 21,193	\$ -	\$ 118,737
As at September 30, 2022	\$ 61,907	\$ 368	\$ -	\$ 11,964	\$ -	\$ 74,238

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

## 8. Intangible assets:

	Customer lists	Website development	Software	Total
<b>Cost</b>				
Balance, December 31, 2020	\$ 1,074,500	\$ 30,101	\$425,316	\$1,529,917
Additions	-	-	-	-
Balance, December 31, 2021	1,074,500	30,101	425,316	1,529,917
Additions	-	-	-	-
Balance, September 30, 2022	\$ 1,074,500	\$ 30,101	\$425,316	\$1,529,917
<b>Accumulated Amortization</b>				
Balance, December 31, 2020	\$ 1,074,500	\$ 30,101	\$417,369	\$1,521,970
Amortization	-	-	6,963	6,963
Balance, December 31, 2021	1,074,500	30,101	424,332	1,528,933
Amortization	-	-	908	908
Balance, September 30, 2022	\$ 1,074,500	\$ 30,101	\$425,240	\$1,529,841
<b>Carrying amount</b>				
As at December 31, 2021	\$ -	\$ -	\$ 984	\$ 984
As at September 30, 2022	\$ -	\$ -	\$ 76	\$ 76

## 9. Lease liabilities:

Balance, January 1, 2021	\$ 663,482
Interest expense	48,912
Lease payments	(273,818)
Balance, December 31, 2021	438,576
Interest expense	23,059
Lease payments	(200,741)
Balance September 30, 2022	\$ 260,894

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

## 9. Lease liabilities (continued):

### Allocated as:

Current	\$	188,483
Long term		72,411
Balance September 30, 2022	\$	260,894

On December 1, 2019, the Company entered into a 33-month lease agreement for office space. Under the lease, the Company is required to pay a monthly rent based on the number of desks occupied (currently \$7,000/month). At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 8.62%, which represents the Company's incremental borrowing rate in Canada. Effective interest rate is 10%.

On January 22, 2019, the Company renewed an existing lease for a further 5 years, commencing March 1, 2019. Under the lease, the Company is required to pay an initial monthly rent of \$14,993, with an annual increase of 2%. At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 8.62%, which represents the Company's incremental borrowing rate in Canada. Effective interest rate is 8.36%.

## 10. Notes payable:

### (a) Notes payable

(i) On November 19, 2019, the Company issued a grid promissory note up to \$500,000 to Iristel ("Promissory Note 1"). The note is unsecured, and bears interest at 7.5% per annum (calculated monthly). On August 1, 2021, the maturity date of Promissory Note 1 was extended from November 19, 2021 to November 16, 2022. On September 9, 2020, the Company issued a second grid promissory note up to \$500,000 to Iristel. The second promissory note is also unsecured and bears interest at 7.5% per annum (calculated monthly). On August 1, 2021, the maturity date of September 9, 2022 was extended to September 29, 2023. On August 1, 2021, the Company issued a third grid promissory note up to \$1,000,000 to Iristel. The note is unsecured, bears interest at 7.5% per annum (calculated monthly), and matures August 1, 2023. As at September 30, 2022, a total of \$818,635 was drawn on the notes. For the nine months ended September 30, 2022 total Interest accrued under the three grid promissory notes was \$49,180.

The promissory notes are due to related parties (see Note 19).

	September 30, 2022	December 31, 2021
Balance at beginning of period/year	\$ 818,635	\$ 761,423
Cash Advances	-	57,212
Balance at end of period/year	818,635	818,635
Interest Accrued	\$ 49,180	\$ 107,874
Reclassification from accounts receivable	\$ -	\$ 322,164

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

## 11. Capital and other components of equity:

### (a) Share capital:

The Company is authorized to issue an unlimited number of common shares. The numbers of outstanding common shares are as follows:

	September 30, 2022		December 31, 2021	
	Number of Shares	Amount	Number of Shares	Amount
Shares issued and outstanding, beginning of year	23,613,540	\$ 5,634,247	23,613,540	\$ 5,634,247
Share issuance	-	-	-	-
Shares issued and outstanding, end of year	23,613,540	\$ 5,634,247	23,613,540	\$ 5,634,247

The holders of common shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

### (b) Contributed surplus:

	September 30, 2022	December 31, 2021
Balance, beginning of period/year	\$ 621,402	\$ 621,402
Stock-based compensation expense	-	-
Balance, end of period/year	\$ 621,402	\$ 621,402

The contributed surplus comprises the impact of stock option expense, net of the impact of any related exercises and expiry of warrants.

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2022 and 2021

## 12. Loss per share:

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Loss for the year	<b>\$(228,455)</b>	\$(218,207)	<b>\$ (745,715)</b>	\$ (577,820)
Basic and diluted - loss per share	<b>\$ (0.01)</b>	\$ (0.01)	<b>\$ (0.03)</b>	\$ (0.02)

The weighted average number of common shares used in the calculation of basic and diluted earnings per share is as follows:

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Weighted average number of shares, end of period	<b>23,613,540</b>	23,613,540	<b>23,613,540</b>	23,613,540

At September 30, 2022 and 2021, there is no effect of potentially dilutive securities. All outstanding stock options were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive. If applicable, the average market value of the Company's shares for purposes of calculating the dilutive effect of share options would be based on quoted market prices for the period during which the options were outstanding.

## 13. Share-based payment transactions:

Employee Share Option Plan of the Company:

The Company has a share option plan (the "2005 Plan") for directors, officers, employees and consultants under written contract of the Company and its subsidiaries, as approved by the shareholders of the Company.

In 2011, the Company adopted a new 10% rolling Incentive Stock Option Plan (the "2011 Plan"), which replaced the fixed 2005 Plan where only a maximum of 90,000 options could be granted. Under the 2011 Plan, the aggregate number of optioned shares to be issued will not exceed 10% of the number of issued and outstanding shares of the company at the time of the granting of options.

As at September 30, 2022, there are no options outstanding and the Company can issue 2,361,354 additional options under the 2011 Plan.

Each employee share's option converts into one ordinary common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Board of Directors administers the granting of all options under the 2011 Plan and has the discretion to prescribe vesting restrictions for options granted.

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
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## 13. Share-based payment transactions:

The following table presents information concerning stock options movement under the Plan:

	September 30, 2022		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	17,000	\$ 1.00	23,250	\$ 1.21
Expired	(17,000)	\$ 1.00	(6,250)	1.00
Options outstanding, end of period	-	-	17,000	\$ 1.00
Options exercisable, end of period	-	-	17,000	\$ 1.00

## 14. Accounts payable and accrued liabilities:

	September 30, 2022	December 31, 2021
Trade payables and accruals	\$ 1,430,073	\$ 928,956
Personnel related accruals	103,973	132,367
	\$ 1,534,046	\$ 1,060,323

The Company's standard term for trade payable is 30 - 60 days.

## 15. Financial risk management:

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk

Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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## 15. Financial risk management (continued):

### (a) Credit risk:

Trade and other receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

A credit policy is established under which each new customer is analyzed individually or in groups for creditworthiness and given appropriate credit limits. The Company's review includes agent review, external ratings when available, and in some cases, bank references. Credit limits are established for each customer and these limits are reviewed on an ongoing basis. Customers that fail to meet the Company's creditworthiness benchmark may transact with the Company only on a prepayment basis. Trade and other receivables relate mainly to the Company's retail customers.

The Company establishes an allowance for doubtful accounts that represents its estimate of uncollectible accounts in respect of trade and other receivables. The allowance for doubtful accounts is used to record potential impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at which point the amounts are written off against the financial asset directly. The Company makes significant estimates pertaining to allowance for doubtful accounts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date:

	September 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 33,142	\$ 96,060
Trade and other receivables, before allowance	304,746	316,249
	<b>\$ 337,888</b>	<b>\$ 412,309</b>

Credit risk associated with cash and cash equivalents are minimized significantly by ensuring that these financial instruments are placed with major financial institutions. Credit risk associated with trade and other receivables is mitigated by the Company's large and unrelated customer base and the application of its credit evaluation, control and monitoring processes.

### (b) Liquidity risk:

The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing. As at September 30, 2022, the Company had cash and cash equivalents of \$33,142 (December 31, 2021 - \$96,060) to settle current liabilities of \$2,993,324 (December 31, 2021 - \$2,741,025). The following are the contractual maturities of financial liabilities as at September 30, 2022:

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## 15. Financial risk management (continued):

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
Accounts payable and accrued liabilities	\$ 1,534,046	\$ 1,534,046	\$ 1,534,046	\$ -	\$ -
Due to related party	597,995	597,995	597,995		
Notes payable – current	177,836	177,836	-	177,836	-
Notes payable – long term	640,799	640,799	-	-	640,800
	<b>\$ 2,950,676</b>	<b>\$ 2,950,676</b>	<b>\$ 2,132,041</b>	<b>\$ 177,836</b>	<b>\$ 640,800</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. The Company does not currently believe it will encounter difficulty in meeting its obligations associated with its financial liabilities.

### (c) Market risk:

#### (i) Currency risk:

The Company's functional currency is the Canadian dollar, but it regularly transacts in U.S. dollars for a portion of its business activities. The value of financial instruments or cash flows associated with the instruments denominated in U.S. dollars will be affected by changes in the exchange rate fluctuations in the market between the Canadian and U.S. dollar.

On occasion, the Company utilizes a hedging program to mitigate a portion of its currency risks. As at September 30, 2022 and December 31, 2021, the Company does not hold any derivative instrument or cash flow hedges.

A sensitivity analysis of the Canadian dollar against the U.S. dollar was performed as at December 31 of each year based on the Company's currency risk exposure. The results of the sensitivity analysis resulting in an increase or decrease on the Company's profit or loss and equity was not considered significant.

#### (ii) Interest rate risk:

The Company's primary interest rate risk consists of interest rate fluctuations, which may affect the Company's notes payable, debentures and lease obligations. The Company does not currently use derivative instruments to limit interest rate risks.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured from the prior year.

### (d) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

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## 15. Financial risk management (continued):

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance when this is effective.

Compliance with Company standards is supported by a program of periodic reviews undertaken by senior management. The results are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee.

Fair value of financial instruments:

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange and could be materially affected by the use of different assumptions or methodologies. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7, Financial Instruments - Disclosures.

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability which are supported by little or no market activity.

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## 15. Financial risk management (continued):

The fair values of short-term financial assets and liabilities, including trade and other receivables, and accounts payable and accrued liabilities as presented in the consolidated statements of financial position, approximate their carrying amounts due to their short-term maturities. The fair value of finance leases, debentures and notes payable approximates their carrying value because management believes the interest rates approximate the market interest rate for similar debt with similar security. There are no financial assets or liabilities measured using Level 3.

## 16. Capital management:

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions, so that it can provide above average returns for its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' deficiency, which consists of issued share capital, contributed surplus and deficit.

The Company manages its capital structure and makes adjustments to it in light of general economic conditions and the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust the capital structure, the Company, upon approval from its Board of Directors, may issue long-term debt, issue shares, repurchase shares through a normal course issuer bid and pay dividends. The Board of Directors reviews and approves any material transactions not in the ordinary course of business that may include various acquisition proposals, as well as capital and operating budgets. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

There were no changes in the Company's approach to capital management during the period.

## 17. Contingencies:

From time to time, the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. The Company is not aware of any legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on the Company's financial condition or results of operations.

## 18. Operating segments and revenue:

Sales attributable to geographic location for the nine months ended September 30, 2022 and 2021 are as follows:

	2022	2021
Canada	\$ 2,935,020	\$ 3,020,075
United States	289,596	635,283
	<b>\$ 3,224,616</b>	<b>\$ 3,655,358</b>

All of the Company's assets as at September 30, 2022 and December 31, 2021 are located in Canada.

# Adya Inc.

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## 18. Operating segments and revenue: (continued)

Sales attributable to each major revenue stream documented in Note 2 is as follows:

	2022	2021
Long distance	\$ 2,644,296	\$ 2,995,797
Business and wholesale services	110,059	116,696
Wireless services	470,261	542,865
	<b>\$ 3,224,616</b>	<b>\$ 3,655,358</b>

## 19. Related party transactions and balances:

The Company defines key management personnel as its CEO, CFO and directors. Key management personnel compensation is as follows:

Nine months ended September 30,	2022	2021
Wages, salaries, director fees and other benefits	\$ 13,500	\$ 13,500

The Company rents its head office space from Iristel, Adya's controlling shareholder, for which a Right of Use asset has been recognized, see note 6.

See note 10 for Grid notes from Iris Technologies Inc., As at September 30, 2022, a total of \$818,635 (December 31, 2021 - \$818,635) was advanced under the grid promissory notes, and total Interest accrued under the three grid promissory notes as at September 30, 2022 was \$153,791 (December 31, 2021 - \$107,874).

Included in revenue earned from arms length transactions during the period ended September 30, 2022 was approximately \$446,579 (December 31, 2021 - \$200,000) generated through use of Iris Technologies Inc.'s service carrier lines. The Company owed Iris Technologies Inc. \$639,252 as at September 30, 2022 (December 31, 2021 - \$453,427) for rent and service costs.

During the period September 30, 2022, revenue includes \$503,128 (December 31, 2021 - \$244,799) of Business processing services rendered to Iris Technologies Inc. These services commenced in February 2021.

## 20. Government assistance

During the year ended December 31, 2021, the Company received \$164,588 (2020 - \$Nil) under the Canada Emergency Wage Subsidy and Temporary Wage Subsidy program.