

**ADYA INC.**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

**(EXPRESSED IN CANADIAN DOLLARS)**

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

The unaudited condensed interim consolidated statements of financial position of Adya Inc. at September 30, 2023, the unaudited condensed interim consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2023 and September 30, 2022, and the unaudited condensed interim consolidated statements of shareholders' equity and cash flows for the nine months ended September 30, 2023 and 2022 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, 2023 and December 31, 2022

	Note	September 30, 2023	December 31, 2022
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	4	\$ 5,268	\$ 57,474
Trade and other receivables, net of allowance for doubtful accounts	5	162,189	161,958
Inventory		13,958	16,408
Prepaid expenses and other		338,838	492,435
<b>Total current assets</b>		<b>520,253</b>	<b>728,275</b>
Non-current assets:			
Right-of-use assets	6	63,993	179,179
Property and equipment	7	18,703	60,090
<b>Total non-current assets</b>		<b>82,696</b>	<b>239,269</b>
<b>Total assets</b>		<b>\$ 602,949</b>	<b>\$ 967,544</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>			
Current liabilities:			
Accounts payable and accrued liabilities	13	\$ 1,514,047	\$ 1,727,871
Lease liabilities - current	8	80,444	183,728
Due to related party	18	878,311	652,873
Deferred revenue		445,842	452,044
Notes payable – current	9	918,986	818,635
<b>Total current liabilities</b>		<b>3,837,630</b>	<b>3,835,151</b>
Non-current liabilities:			
Lease liabilities	8	-	34,151
Long term loan		60,000	60,000
<b>Total non-current liabilities</b>		<b>60,000</b>	<b>94,151</b>
<b>Total liabilities</b>		<b>3,897,630</b>	<b>3,929,302</b>
Shareholders' equity (deficiency):			
Share capital	10(a)	5,634,247	5,634,247
Contributed surplus	10(b)	621,402	621,402
Deficit		(9,550,330)	(9,217,407)
<b>Total shareholders' equity (deficiency)</b>		<b>(3,294,681)</b>	<b>(2,961,758)</b>
<b>Total equity and liabilities</b>		<b>\$ 602,949</b>	<b>\$ 967,544</b>
Contingencies	16		
Subsequent events	19		

The accompanying notes are an integral part of these 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, 2023 and September 30, 2022

	Note	Three months ended September 30.		Nine months ended September 30.	
		2023	2022	2023	2022
Revenue	17	<b>\$448,234</b>	\$1,038,083	<b>\$ 1,709,726</b>	\$ 3,224,616
Telecommunications costs		<b>179,975</b>	436,007	<b>813,835</b>	1,450,218
Gross margin		<b>268,259</b>	602,076	<b>895,891</b>	1,774,398
Operating expenses					
General and administrative		<b>334,817</b>	660,280	<b>1,197,807</b>	1,926,103
Marketing and selling		<b>8,393</b>	14,202	<b>30,299</b>	87,144
Development and technical support		<b>64,719</b>	76,158	<b>211,185</b>	231,639
Depreciation and amortization		<b>51,638</b>	62,077	<b>156,570</b>	211,591
		<b>459,567</b>	812,717	<b>1,595,861</b>	2,456,477
Operating loss before finance costs and other income		<b>(191,308)</b>	(210,641)	<b>(699,970)</b>	(682,079)
Finance costs, net		<b>(19,934)</b>	(20,153)	<b>(60,428)</b>	(69,162)
Gain on sale of subsidiary		-	-	<b>420,000</b>	-
Other income		<b>2,413</b>	2,339	<b>7,475</b>	5,526
		<b>(17,521)</b>	(17,814)	<b>367,047</b>	(63,636)
Loss before income taxes		<b>(208,829)</b>	(228,455)	<b>(332,923)</b>	(745,715)
Income tax (expense) recovery		-	-	-	-
Net income (loss) and comprehensive income (loss)		<b>\$ (208,829)</b>	\$ (228,455)	<b>\$ (332,923)</b>	\$ (745,715)
Loss per share:					
Basic and diluted	11	<b>\$ (0.01)</b>	\$ (0.01)	<b>\$ (0.01)</b>	\$ (0.03)
Weighted average number of shares	11	<b>23,613,540</b>	23,613,540	<b>23,613,540</b>	23,613,540

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, 2023 and September 30, 2022

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	Share capital	Contributed surplus	Deficit	Total shareholders' equity (deficiency)
<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>
<b>Balance, December 31, 2022</b>	<b>\$ 5,634,247</b>	<b>\$ 621,402</b>	<b>\$ (9,217,407)</b>	<b>\$ (2,961,758)</b>
Net loss for the period	-	-	(332,923)	(332,923)
<b>Balance, September 30, 2023</b>	<b>\$ 5,634,247</b>	<b>\$ 621,402</b>	<b>\$ (9,550,330)</b>	<b>\$ (3,294,681)</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, 2023 and September 30, 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (332,923)	\$ (745,715)
Adjustment for non-cash items:		
Depreciation and amortization (Note 6,7,8)	156,573	211,590
Gain on sale of subsidiary	(420,000)	-
Finance costs, net	10,060	23,060
Change in non-cash operating working capital:		
Trade and other receivables	73,001	40,429
Inventory	2,450	17,573
Prepaid expenses and other	153,597	(11,707)
Accounts payable and accrued liabilities and provisions	18,180	473,724
Lease payments	(147,495)	(200,742)
Due to related party	225,438	144,568
Deferred revenue	8,562	(11,372)
	<b>(252,557)</b>	<b>(58,592)</b>
Investing activities:		
Proceeds on sale of subsidiary	100,000	-
Acquisition of equipment	-	(4,326)
	<b>100,000</b>	<b>(4,326)</b>
Financing activities:		
Proceeds from related party loans	100,351	-
	<b>100,351</b>	<b>-</b>
Decrease in cash and cash equivalents	<b>(52,206)</b>	<b>(62,918)</b>
Cash and cash equivalents, beginning of period	<b>57,474</b>	<b>96,060</b>
Cash, end of period	<b>\$ 5,268</b>	<b>\$ 33,142</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, 2023 and 2022

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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. (sold may 2023), 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, 2023, 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, 2023, the Company had working capital deficiency of \$3,317,377 (December 31, 2022 - \$3,106,876), had not yet achieved profitable operations, had accumulated losses of \$9,550,330 (December 31, 2022 - \$9,217,407), 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, 2023 and 2022

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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). The policies set out below are based on IFRS issued and outstanding as of November 14, 2023, 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:

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, 2022, with the exception of new and revised standards along with any consequential amendments, effective January 1, 2023. Accordingly, these interim financial statements for the three and nine months ended September 30, 2023 and 2022 should be read together with the annual financial statements as at and for the year ended December 31, 2022.

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2023 and 2022

## 4. Cash and cash equivalents:

The Company's exposure to interest rate risk for the nine months ended September 30, 2023 and the year ended December 31, 2022, in respect of cash balances, was not considered significant and is disclosed in Note 14.

## 5. Trade and other receivables:

	September 30, 2023	December 31, 2022
Trade and other receivables	\$ 243,323	\$ 240,327
Allowance for doubtful accounts	(81,134)	(78,369)
	\$ 162,189	\$ 161,958

### (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 14).

## 6. Right-of-use asset:

	Premises Lease
Balance, January 1, 2022	\$ 332,762
Depreciation	(153,583)
Balance, December 31, 2022	179,179
Depreciation	(115,186)
Balance, September 30, 2023	\$ 63,993

Leases are depreciated over their term.

Premises Lease #1 is leased from a related party, Iris Technologies Inc. (see Note 18).

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2023 and 2022

## 7. Property and equipment:

	Switch equipment	Telecom equipment	Furniture and fixtures	Computer and customer equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance, December 31, 2021	941,524	642,577	121,515	508,500	37,280	2,251,396
Additions	-	-	-	4,326	-	4,326
Balance, December 31, 2022	941,524	642,577	121,515	512,826	37,280	2,255,722
Additions	-	-	-	-	-	-
Balance, September 30, 2023	941,524	642,577	121,515	512,826	37,280	2,255,722
<b>Accumulated Depreciation</b>						
Balance, December 31, 2021	844,742	641,815	121,515	487,307	37,280	2,132,659
Depreciation	46,562	526	-	15,885	-	62,973
Balance, December 31, 2022	891,304	642,341	121,515	503,192	37,280	2,195,632
Depreciation	34,875	235	-	6,277	-	41,387
Balance, September 30, 2023	926,183	642,577	121,515	509,468	37,280	2,237,019
<b>Carrying amount</b>						
As at December 31, 2022	50,220	236	-	9,634	-	60,090
As at September 30, 2023	15,345	-	-	3,358	-	18,703

## 8. Lease liabilities:

Balance, January 1, 2022	<b>\$ 438,576</b>
Interest expense	28,305
Lease payments	(249,002)
Balance, December 31, 2022	<b>217,879</b>
Interest expense	10,060
Lease payments	(147,495)
Balance September 30, 2023	<b>\$ 80,444</b>

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2023 and 2022

## 8. Lease liabilities (continued):

<b>Allocated as:</b>	<b>2023</b>
Current	\$ 80,444
Long term	-
<b>Balance September 30, 2023</b>	<b>\$ 80,444</b>

On December 1, 2019, the Company entered into a 33-month lease agreement for office space. Under the lease, the Company was required to pay a monthly rent based on the number of desks occupied (\$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%. This lease is currently month to month at a rate of \$2,000 per month.

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%.

## 9. 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 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 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). The notes have been subsequently amended and mature December 31, 2023. As at September 30, 2023, a total of \$918,986 was drawn on the notes. For the nine months ended September 30, 2023 total interest accrued under the three grid promissory notes was \$ 50,560 (2022 - \$32,267).

The promissory notes are due to related parties (see Note 18).

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Balance at beginning of period	\$ 818,635	\$ 818,635
Cash Advances	281,063	-
Repayments	(180,712)	-
<b>Balance at end of period</b>	<b>918,986</b>	<b>818,635</b>
Accrued interest included in accounts payable	\$ 220,353	\$ 169,793

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2023 and 2022

## 10. 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, 2023		December 31, 2022	
	Number of Shares	Amount	Number of Shares	Amount
Shares issued and outstanding, beginning of period	23,613,540	\$ 5,634,247	23,613,540	\$ 5,634,247
Share issuance	-	-	-	-
Shares issued and outstanding, end of period	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, 2023	December 31, 2022
Balance, beginning of period	\$ 621,402	\$ 621,402
Stock-based compensation expense	-	-
Balance, end of period	\$ 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, 2023 and 2022

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## 11. Loss per share:

At September 30, 2023 and December 31, 2022, 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.

## 12. 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, 2023, 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.

Options granted vest over a period not to exceed five years and expire 90 days after a recipient ceases to qualify as a director, officer, employee or consultant under written contract.

## 13. Accounts payable and accrued liabilities:

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	September 30, 2023	December 31, 2022
Trade payables and accruals	\$ 1,396,059	\$ 1,609,888
Personnel related accruals	117,988	117,983
	<b>\$ 1,514,047</b>	<b>\$ 1,727,871</b>

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

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2023 and 2022

## 14. 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.

(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:

	<b>September 30, 2023</b>	December 31, 2022
Cash and cash equivalents	<b>\$ 5,268</b>	\$ 57,474
Trade and other receivables, before allowance	<b>243,323</b>	246,599
	<b>\$ 248,591</b>	\$ 412,309

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2023 and 2022

## 14. Financial risk management: (continued)

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, 2023, the Company had cash of \$5,268 (December 31, 2022 – cash of \$57,474 to settle current liabilities of \$3,837,630 (December 31, 2021 - \$3,835,151). The following are the contractual maturities of financial liabilities as at September 30, 2023:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
Accounts payable and accrued liabilities	\$ 1,514,047	\$ 1,514,047	\$ 1,514,047	\$ -	\$ -
Due to related party	878,311	878,311	878,311		
Long term loan	60,000	60,000	-	60,000	-
Notes payable – current	918,986	918,986	-	918,986	-
	<b>\$ 3,371,344</b>	<b>\$ 3,371,344</b>	<b>\$ 2,392,358</b>	<b>\$ 978,986</b>	<b>\$ -</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, 2023 and December 31, 2022, 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.

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2023 and 2022

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## 14. Financial risk management (continued):

### (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.

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.

# Adya Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)  
Three and nine months ended September 30, 2023 and 2022

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## 14. Financial risk management (continued):

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.

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.

## 15. 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.

## 16. 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.

# Adya Inc.

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## 17. Operating segments and revenue:

Sales attributable to geographic location for nine months ended September 30, 2023 and 2022 are as follows:

	2023	2022
Canada	\$ 1,408,692	\$ 2,935,020
United States	301,034	289,596
	<b>\$ 1,709,726</b>	<b>\$ 3,224,616</b>

All of the Company's assets as at September 30, 2023 and December 31, 2022 are located in Canada.

Sales attributable to each major revenue stream for the nine months ended September 30, 2023 and 2022 is as follows:

	2023	2022
Long distance	\$ 1,358,824	\$ 2,644,296
Business and wholesale services	334,728	110,059
Wireless services	16,174	470,261
	<b>\$ 1,709,726</b>	<b>\$ 3,224,616</b>

## 18. 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,	2023	2022
Management compensation	\$ 12,000	\$ 12,000

The Company rents its head office space from Iris-Tel, 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, 2023, a total of \$918,986 (December 31, 2022 - \$818,635) was advanced under the grid promissory notes, and total Interest accrued under the three grid promissory notes as at September 30, 2023 was \$220,353 (December 31, 2022 - \$169,793).

During the nine months ended September 30, 2023, revenue included \$123,846 (2022 - \$128,435) of Business processing services rendered to Iris Technologies Inc. These services commenced in February 2021. Included in revenue earned from arm's length transactions during the nine months ended September 30, 2023 was approximately \$248,000 (2022 - \$56,000) generated through use of Iris Technologies Inc.'s service carrier lines. As at September 30, 2023, \$nil (2022 - \$53,542) of accounts receivable due from Iris Technologies for these services has been applied against \$878,311 (2022 - \$706,415) due to Iris Technologies Inc. for rent and service costs.

During the nine months ended September 30, 2023, telecommunications costs included \$154,564 of transactions with Iris Technologies Inc.

# Adya Inc.

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## 19. Sale of subsidiary:

On May 2, 2023, the Company sold 100% of its subsidiary, Ellora Telecom Philippines Inc. for cash proceeds of \$420,000, realizing a gain on sale of \$420,000.