

# **NAMESILO TECHNOLOGIES CORP.**

## **Condensed Interim Consolidated Financial Statements**

(Unaudited – Expressed in Canadian dollars)

**For the Three and Nine Months Ended September 30, 2020 and 2019**

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## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2020 and 2019.

**NAMESILO TECHNOLOGIES CORP.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited – Expressed in Canadian Dollars)

	Notes	September 30, 2020 \$	December 31, 2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,802,036	1,046,712
Receivables		179,559	90,640
Prepaid expenses		15,820	13,494
Registry deposits		2,394,986	1,609,739
Prepaid domain name registry fees, current portion		15,056,963	14,115,076
		<b>20,449,364</b>	<b>16,875,661</b>
Prepaid domain name registry fees, long-term portion		1,116,111	1,280,529
Digital currency	5	81,991	782,625
Investments	6	8,508,348	2,367,774
Equipment	7	5,377	6,655
Brand	8	499,294	614,932
Customer relationships	9	3,843,790	5,411,078
Goodwill	3, 10	8,134,197	7,920,155
		<b>42,638,472</b>	<b>35,259,409</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11	1,697,851	1,830,822
Customer deposits		1,312,766	1,145,929
Deferred revenue, current portion	12	16,722,250	15,129,639
Loans payable	13	7,593,769	9,994,376
Convertible debenture – liability portion	14	170,000	170,000
		<b>27,496,636</b>	<b>28,270,766</b>
Deferred revenue, long-term portion	12	1,281,992	1,383,953
Deferred income tax liability		1,519,363	1,476,225
		<b>30,297,991</b>	<b>31,130,944</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	15	32,976,203	29,314,789
Subscription advances		171,608	15,608
Convertible debt – equity portion	14	15,808	15,808
Contributed surplus		1,970,208	1,813,338
Accumulated other comprehensive income		319,236	29,456
Deficit		<b>(25,138,329)</b>	<b>(29,305,662)</b>
Total equity attributable to shareholders of the Company		<b>10,314,734</b>	<b>1,883,337</b>
Attributable to non-controlling interest		<b>2,025,747</b>	<b>2,245,128</b>
		<b>12,340,481</b>	<b>4,128,465</b>
		<b>42,638,472</b>	<b>35,259,409</b>

Nature of operations and going concern (note 1)  
Subsequent events (note 20)

Approved on behalf of the Board

\_\_\_\_\_  
“Paul Andreola”                      Director                      \_\_\_\_\_  
“Colin Bowkett”                      Director

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

**NAMESILO TECHNOLOGIES CORP.**  
**Condensed Interim Consolidated Statements of Comprehensive Income (Loss)**  
**For the three and nine months ended September 30, 2020 and 2019**  
(Unaudited – Expressed in Canadian Dollars)

	Notes	For the three months ended September 30, 2020 \$	For the three months ended September 30, 2019 \$	For the nine months ended September 30, 2020 \$	For the nine months ended September 30, 2019 \$
<b>REVENUE</b>		<b>8,070,601</b>	7,849,498	<b>23,232,578</b>	21,294,085
<b>COST OF SALES</b>		<b>(6,938,045)</b>	(6,484,986)	<b>(20,783,334)</b>	(18,062,830)
<b>GROSS PROFIT</b>		<b>1,132,556</b>	1,364,512	<b>2,449,244</b>	3,231,255
<b>GENERAL AND ADMINISTRATION EXPENSES</b>					
Amortization	7,8,9	<b>614,856</b>	609,458	<b>1,875,008</b>	1,840,552
Consulting fees		<b>142,768</b>	151,008	<b>142,768</b>	213,223
Management fees	17	<b>36,000</b>	36,000	<b>108,000</b>	108,000
Office and general		<b>376,154</b>	352,218	<b>1,095,112</b>	998,574
Professional fees	17	<b>195,179</b>	89,626	<b>333,153</b>	280,863
Salaries		<b>9,880</b>	-	<b>112,317</b>	-
Transfer agent and filing		<b>7,138</b>	5,114	<b>18,224</b>	20,640
		<b>1,381,975</b>	1,243,424	<b>3,684,582</b>	3,461,852
<b>(Loss) income before other items</b>		<b>(249,419)</b>	121,088	<b>(1,235,338)</b>	(230,597)
<b>OTHER ITEMS</b>					
Accretion expense on convertible debenture	14	-	(8,199)	-	(23,679)
Foreign exchange gain (loss)		<b>108,028</b>	(67,472)	<b>(160,542)</b>	181,379
Gain on write-off of accounts payable		-	(89)	-	26,216
Interest and loan accretion expense	13,14	<b>(284,814)</b>	(285,246)	<b>(852,713)</b>	(1,342,156)
Other income		-	8	<b>4,655</b>	140
Realized gain on digital currency	5	<b>(2,959)</b>	(661,775)	<b>364,147</b>	(755,772)
Gain on investments	6	<b>3,163,614</b>	152,455	<b>6,049,396</b>	152,455
Recovery of investments	6	-	-	-	78,500
Share-based payment	4, 15, 17	<b>(11,133)</b>	(3,863)	<b>(86,653)</b>	(82,075)
		<b>2,972,736</b>	(874,181)	<b>5,318,290</b>	(1,764,992)
<b>Net income (loss)</b>		<b>2,723,317</b>	(753,093)	<b>4,082,952</b>	(1,995,589)
<b>Other comprehensive income (loss)</b>					
Digital currency revaluation		<b>(7,016)</b>	-	<b>(6,281)</b>	-
Exchange difference on subsidiary translation		<b>(176,398)</b>	(368,066)	<b>368,120</b>	(235,494)
<b>Total comprehensive income (loss)</b>		<b>2,539,903</b>	(1,121,159)	<b>4,444,791</b>	(2,231,083)
<b>Income (loss) attributable to:</b>					
Shareholders of the Company		<b>2,738,767</b>	(833,572)	<b>4,167,333</b>	(2,071,377)
Non-controlling interest		<b>(15,450)</b>	80,479	<b>(84,381)</b>	75,588
		<b>2,723,317</b>	(753,093)	<b>4,082,952</b>	(1,995,589)
<b>Comprehensive income (loss) attributable to:</b>					
Shareholders of the Company		<b>2,590,583</b>	(1,133,546)	<b>4,463,394</b>	(2,263,305)
Non-controlling interest		<b>(50,680)</b>	12,387	<b>(18,603)</b>	32,222
		<b>2,539,903</b>	(1,121,159)	<b>4,444,791</b>	(2,231,083)
<b>Basic and diluted earnings (loss) per share</b>		<b>0.04</b>	(0.01)	<b>0.06</b>	(0.03)
<b>Weighted average number of shares outstanding - basic</b>					
		<b>63,994,409</b>	61,254,268	<b>62,884,215</b>	60,419,492

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

**NAMESILO TECHNOLOGIES CORP.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
(Unaudited – Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	Subscription advances \$	Convertible Debenture – Equity Component \$	Contributed Surplus \$	AOCI \$	Deficit \$	NCI \$	Total \$
Balance, January 1, 2019	58,509,898	28,237,045	18,608	15,808	1,463,016	596,307	(25,485,420)	3,010,860	7,856,224
Exercise of warrants	3,813,120	1,077,744	-	-	-	-	-	-	1,077,744
Subscriptions received	-	-	(3,000)	-	-	-	-	-	(3,000)
Share-based payment	-	-	-	-	82,075	-	-	-	82,075
Distributions	-	-	-	-	-	-	-	(272,017)	(272,017)
Net and comprehensive loss for the period	-	-	-	-	-	(191,928)	(2,071,377)	32,222	(2,231,083)
Balance, September 30, 2019	62,323,018	29,314,789	15,608	15,808	1,545,091	404,379	(27,556,797)	2,771,065	6,509,943
Share-based payment	-	-	-	-	25,387	-	-	-	25,387
Acquisition of NamePal	-	-	-	-	242,860	-	-	-	242,860
Distributions	-	-	-	-	-	-	-	(144,528)	(144,528)
Digital currency revaluation	-	-	-	-	-	3,024	-	-	3,024
Net and comprehensive loss for the period	-	-	-	-	-	(377,947)	(1,748,865)	(381,409)	(2,508,221)
Balance, December 31, 2019	62,323,018	29,314,789	15,608	15,808	1,813,338	29,456	(29,305,662)	2,245,128	4,128,465
Issue of share capital	19,221,000	3,844,200	-	-	-	-	-	-	3,844,200
Share issuance cost – cash	-	(112,569)	-	-	-	-	-	-	(112,569)
Share issuance costs – warrants	-	(70,217)	-	-	70,217	-	-	-	-
Subscriptions received	-	-	156,000	-	-	-	-	-	156,000
Share-based payment	-	-	-	-	44,702	-	-	-	44,702
Acquisition of NamePal	-	-	-	-	41,951	-	-	-	41,951
Distributions	-	-	-	-	-	-	-	(200,778)	(200,778)
Digital currency revaluation	-	-	-	-	-	(6,281)	-	-	(6,281)
Net and comprehensive income (loss) for the period	-	-	-	-	-	296,061	4,167,333	(18,603)	4,444,791
<b>Balance, September 30, 2020</b>	<b>81,544,018</b>	<b>32,976,203</b>	<b>171,608</b>	<b>15,808</b>	<b>1,970,208</b>	<b>319,236</b>	<b>(25,138,329)</b>	<b>2,025,747</b>	<b>12,340,481</b>

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

**NAMESILO TECHNOLOGIES CORP.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited – Expressed in Canadian Dollars)

<b>Nine Months Ended September 30,</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS PROVIDED BY (USED IN):</b>		
<b>Operating activities</b>		
Net income for the period	4,082,952	(1,995,589)
Adjustment for items not involving cash:		
Accretion expense on convertible debenture	-	23,679
Amortization	1,875,008	1,840,552
Foreign exchange loss (gain)	153,125	(182,791)
Gain on write-off of accounts payable	-	(26,216)
Interest expense and loan accretion	835,065	1,319,799
Share-based payment	86,653	82,075
(Gain) loss on sale of investment	(6,049,396)	755,772
Recovery of investments	-	(78,500)
	<b>983,407</b>	<b>1,738,781</b>
Changes in non-cash working capital related to operations:		
Receivables	(88,919)	1,993
Prepaid expenses	(2,326)	(10,770)
Registry deposits	(785,247)	2,066,865
Prepaid domain name registry fees	(777,469)	(3,196,029)
Digital currency	694,353	(1,013,051)
Accounts payable and accrued liabilities	(132,971)	64,986
Customer deposits	166,837	76,724
Deferred revenue	1,490,650	1,943,717
Net cash provided by operating activities	<b>1,548,315</b>	<b>1,673,216</b>
<b>Investing activities</b>		
Sale of investments	221,322	184,538
Purchase of investments	(312,500)	(47,510)
Net cash (used in) provided by investing activities	<b>(91,178)</b>	<b>137,028</b>
<b>Financing activities</b>		
Issue of share capital	3,731,631	-
Subscription advances	156,000	(3,000)
Exercise of warrants	-	1,077,744
(Repayment of) proceeds from loans payable	(3,388,797)	(2,498,916)
Distributions to NCI	(200,778)	(272,017)
Net cash provided by (used in) financing activities	<b>298,056</b>	<b>(1,696,189)</b>
<b>Foreign exchange on cash</b>	<b>131</b>	<b>(18,510)</b>
Increase in cash during the period	<b>1,755,193</b>	<b>114,055</b>
Cash – beginning of the period	<b>1,046,712</b>	<b>1,299,847</b>
Cash – end of the period	<b>2,802,036</b>	<b>1,395,392</b>
Cash paid for interest	<b>(835,065)</b>	<b>-</b>
Cash paid for income tax	<b>-</b>	<b>-</b>

Supplemental cash flow information (Note 19)

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

**NAMESILO TECHNOLOGIES CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2020 and 2019**  
(Unaudited – Expressed in Canadian Dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

NameSilo Technologies Corp. (the “Company”) is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. On December 3, 2018, the Company changed its name from Brisio Innovations Inc. to NameSilo Technologies Corp. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”). The head office and principal address is 409 Granville Street, Suite 1052, Vancouver, BC, Canada, V6C 1T2. The Company is a provider of domain name registration services and marketplace services for the buying and selling of domain names.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

For the nine months ended September 30, 2020, the Company had a net income of \$4,082,952, but has a working capital deficit of \$7,047,272 and an accumulated deficit of \$25,138,329. The Company’s ability to continue as a going concern is dependent upon generating positive cash flows from operations, earning sufficient returns on its investments, and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. In March 2020 there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business and continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standard 34, Interim Financial Reporting. They do not include all the information required for full annual financial statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 27, 2020.

**NAMESILO TECHNOLOGIES CORP.**  
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**(b) Basis of consolidation**

These condensed interim consolidated financial statements include the financial statements of the Company and the following subsidiaries subject to control by the Company:

	Incorporated in	Percentage owned	
		Sept 30, 2020	Dec 31, 2019
Netco Argentina S.A.	Argentina	100%	100%
1155064 BC Ltd.	Canada	100%	100%
NameSilo, LLC (“NameSilo LLC”)	USA	81.5%	81.5%
NamePal.com, LLC (“NamePal”)	USA	81.5%	81.5%

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

**(c) Functional and presentation currency**

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

The functional currency of the Company, Netco Argentina S.A. and 1155064 BC Ltd. is the Canadian dollar. The functional currency of NameSilo LLC and NamePal is the US dollar. The presentation currency of the Company is the Canadian dollar.

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income as cumulative translation differences.

Transactions in foreign currencies are translated into the functional currency at exchange rates at the date of the transactions. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.



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**(d) Basis of measurement**

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at their fair value.

In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**(e) Use of estimates and judgments**

The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

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 years affected.

Significant accounting estimates:

- a. The judgment of indications of impairment of each asset and related determination of the net realizable value and write-down of these assets where applicable;
- b. The tax basis of assets and liabilities and related deferred income tax assets and liabilities;
- c. The inputs used in determining the valuation of share purchase warrants owned by the Company; and
- d. The fair value of the convertible debenture.

Significant accounting judgments:

- a. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management;
- b. The Company has used judgment in determining the currency of the primary economic environment in which each entity operates. In making such determination, the management has considered the currency that mainly influences the sale prices and the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained;
- c. There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for digital currencies and management has exercised significant judgement in determining appropriate accounting treatment. In making this determination on the accounting for the digital currencies the Company has reviewed the

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sources and uses of the digital currencies in the operations of its business. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings;

- d. The acquisitions of NameSilo LLC and NamePal were accounted for as business combinations at fair value in accordance with IFRS 3, *Business Combinations*. The acquired assets and assumed liabilities were adjusted to their fair values assigned through completion of a preliminary purchase price allocation. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value, and also relies on work performed by third-party valuation specialists. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied; and
- e. The going concern risk assessment (see note 1).

**3. ACQUISITION OF NAMESILO LLC**

On August 1, 2018, the Company completed the acquisition of NameSilo LLC, whereby the Company has acquired all of the issued and outstanding securities of NameSilo LLC on terms as follows:

- USD\$9,511,500 (CAD\$12,422,300) was paid in cash on closing; and
- An earn-out payment of USD\$2,499,047 was satisfied by USD\$2,360,743 (CAD\$3,072,978) in cash and 529,499 common shares of the Company

The transaction was accounted for as a business combination, as the operations of NameSilo LLC meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs of \$39,089 were expensed. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets represented the sales and growth potential of NameSilo LLC and is allocated in its entirety to NameSilo LLC. The Company has allocated the purchase price as follows:

	\$
Cash	15,495,278
529,499 common shares of the Company	180,030
<b>Fair value of consideration</b>	<b>15,675,308</b>
Cash	274,443
Digital currency	129,376
Registry deposits	2,753,158
Prepaid domain name registry fees	12,985,026
Brand	860,424
Customer relationships (not deductible for tax purposes)	8,585,984
Goodwill (not deductible for tax purposes)	8,273,678
Accounts payable and accrued liabilities	(344,283)
Customer deposits	(819,628)
Deferred revenue	(14,899,797)
Deferred income tax liability	(2,123,073)
	<b>15,675,308</b>

## **NAMESILO TECHNOLOGIES CORP.**

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The fair value of the 529,499 common shares issued (\$180,030) was determined based on the fair value of the Company's shares immediately prior to the completion of the acquisition.

In August 2018, the Company entered into a share purchase agreement with 1161217 B.C. Ltd. (the "Digital Service Company") and the shareholders of the Digital Service Company. In consideration of the Digital Service Company, the Company has transferred 18.5% of the member interest of NameSilo LLC to the shareholders of the Digital Service Company. The value of the 18.5% of the member interest of NameSilo LLC was determined to be \$2,899,932 and is accounted for as a non-controlling interest.

#### **4. ACQUISITION OF NAMEPAL.COM LLC**

On January 3, 2019, the Company acquired NamePal pursuant to the terms of a share purchase agreement ("Purchase Agreement") among NameSilo LLC, Kristaps Ronka ("Ronka"), a director of the Company, and Market Plaza International LLC (the "Vendor"). NamePal is an ICANN domain name registrar and provider of domain registration, web hosting, email and SSL services.

Under the terms of the Purchase Agreement, NameSilo LLC acquired 100% of the membership interest in NamePal and, in consideration of which, Ronka has agreed to transfer up to a 1.75% interest in NameSilo LLC to the Vendor as follows: (i) 0.5% of the membership interest within six months of closing, (ii) 0.5% of the membership interest within twelve months of closing, and (iii) 0.75% of the membership interest within eighteen months of closing. NameSilo LLC has also agreed to retain the principals and existing staff of NamePal in order to integrate value added services and expand the NameSilo LLC offering.

The value of the 1.75% of the member interest of NameSilo LLC was determined to be \$284,811 and is accounted for as a share based payment and charged to profit or loss over the vesting period of 18 months.

#### **5. DIGITAL CURRENCY**

The Company holds 6 bitcoins with a fair value of \$81,991 (USD\$61,467) as at September 30, 2020 (December 31, 2019 – 83 bitcoins with a fair value of \$782,625 (USD\$602,575)).

The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices or lack of an active market for the digital currencies would have a significant impact on the Company's other comprehensive income and financial position. The Company uses Blockchain.info as the exchange to transact in bitcoin and bitcoin cash.

# NAMESILO TECHNOLOGIES CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

#### 6. INVESTMENTS September 30, 2020

	Lite Access Technologies Inc.		Pioneering Technologies		Renoworks Software Inc.		Allur Group		Total Telcom Inc.	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Dec 31 19	293,432	\$ 99,767	921,300	\$ 27,639	137,000	\$ 37,675	523,332	\$ 78,500	340,000	\$ 39,100
Purchased	-	-	-	-	-	-	-	-	-	-
Converted	-	-	-	-	-	-	-	-	-	-
Proceeds from sale	(127,433)	(74,124)	(100,000)	(12,840)	(37,000)	(9,000)	-	-	(295,000)	(33,638)
Gain (loss)	-	110,477	-	55,012	-	3,825	-	-	-	163
Balance, Dec 31 20	165,999	\$ 136,120	821,300	\$ 69,811	100,000	\$ 32,500	523,332	\$ 78,500	45,000	\$ 5,625

  

	Vigil Health Solutions		ImmunoPrecise Antibodies		ImmunoPrecise Antibodies – Warrants		Ironwood Capital		Atlas Engineered Products Ltd.		Total
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Balance, Dec 31 19	669,000	\$ 224,115	2,550,000	\$ 1,453,500	250,000	\$ 1,047	200,000	\$ 47,000	898,579	\$ 359,431	\$ 2,367,774
Purchased	-	-	-	-	-	-	-	-	-	-	-
Converted	-	-	250,000	312,500	(250,000)	-	-	-	-	-	312,500
Proceeds from sale	(239,000)	(66,535)	-	-	-	-	-	-	(67,500)	(25,185)	(221,322)
Gain (loss)	-	(45,780)	-	6,074,000	-	(1,047)	-	-	-	(147,254)	6,049,396
Balance, Dec 31 20	430,000	\$ 111,800	2,800,000	\$ 7,840,000	-	\$ (0)	200,000	\$ 47,000	831,079	\$ 186,992	\$ 8,508,348

# NAMESILO TECHNOLOGIES CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

#### December 31, 2019

	Lite Access Technologies Inc.		Pioneering Technologies		Renoworks Software Inc.		NAMSYS Inc.		Allur Group		Total Telcom Inc.	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Dec 31-18	294,099	\$ 114,699	921,300	\$ 73,704	137,000	\$ 48,635	120,000	\$ 66,000	523,332	\$ -	340,000	\$ 44,525
Purchased	-	-	-	-	-	-	-	-	-	-	-	-
Converted	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale	(667)	(283)	-	-	-	-	(120,000)	(92,960)	-	-	-	-
Expired Warrants	-	-	-	-	-	-	-	-	-	-	-	-
(Write-off) recovery	-	-	-	-	-	-	-	-	-	78,500	-	-
Gain (loss)	-	(14,649)	-	(46,065)	-	(10,960)	-	26,960	-	(0)	-	(5,425)
Balance, Dec 31 19	293,432	\$ 99,767	921,300	\$ 27,639	137,000	\$ 37,675	-	\$ -	523,332	\$ 78,500	340,000	\$ 39,100

	Vigil Health Solutions		ImmunoPrecise Antibodies		ImmunoPrecise Antibodies – Warrants		Gatekeeper Systems Inc. – Warrants		Ironwood Capital		Riwi Corp	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Dec 31-18	750,000	\$ 270,000	2,550,000	\$ 1,810,500	250,000	\$ 61,332	375,000	\$ -	200,000	\$ 60,000	-	\$ -
Purchased	-	-	-	-	-	-	-	-	-	-	19,000	47,510
Converted	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale	(81,000)	(32,260)	-	-	-	-	-	-	-	-	(19,000)	(57,785)
Expired Warrants	-	-	-	-	-	-	(375,000)	-	-	-	-	-
(Write-off) recovery	-	-	-	-	-	-	-	-	-	-	-	-
Gain (loss)	-	(13,625)	-	(357,000)	-	(60,285)	-	-	-	(13,000)	-	10,275
Balance, Dec 31 19	669,000	\$ 224,115	2,550,000	\$ 1,453,500	250,000	\$ 1,047	-	\$ -	200,000	\$ 47,000	-	\$ (0)

	Atlas Engineered Products Ltd.		Atlas Engineered Products		Total
	Number	Amount	Number	Amount	
Balance, Dec 31-18	998,579	\$ 354,495	498,579	\$ 19,073	\$ 2,922,963
Purchased	-	-	-	-	47,510
Converted	-	-	-	-	-
Proceeds from sale	(100,000)	(35,990)	-	-	(219,278)
Expired warrants	-	-	(498,579)	-	-
(Write-off) recovery	-	-	-	-	78,500
Gain (loss)	-	40,926	-	(19,073)	(461,921)
Balance, Dec 31 19	898,579	\$ 359,431	-	\$ -	\$ 2,367,774

## NAMESILO TECHNOLOGIES CORP.

### Notes to the Condensed Interim Consolidated Financial Statements

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#### 7. FURNITURE AND EQUIPMENT

	Furniture & Equipment
	\$
Cost:	
Balance, January 1, 2019	-
Additions	8,517
<b>Balance, December 31, 2019 and September 30, 2020</b>	<b>8,517</b>
Accumulated Amortization:	
Balance, January 1, 2019	159
Amortization	1,703
Balance, December 31, 2019	1,862
Amortization	1,278
<b>Balance, September 30, 2020</b>	<b>3,140</b>
Net Book Value:	
December 31, 2019	6,655
<b>September 30, 2020</b>	<b>5,377</b>

#### 8. BRAND

The brand was acquired as a result of the acquisition of NameSilo LLC. The brand is amortized using the straight-line method over the useful life of 5 years. The changes in the value of the brand during the year ended December 31, 2019 and nine months ended September 30, 2020 are as follows:

	\$
Balance, December 31, 2018	826,244
Amortization	(175,416)
Foreign exchange	(35,896)
Balance, December 31, 2019	614,932
Amortization	(134,259)
Foreign exchange	18,621
<b>Balance, September 30, 2020</b>	<b>499,294</b>

**NAMESILO TECHNOLOGIES CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**9. CUSTOMER RELATIONSHIPS**

The customer relationships were acquired as a result of the acquisition of NameSilo LLC. The customer relationships are amortized using the straight-line method over the useful life of 7 years. The changes in the value of the customer relationships during the year ended December 31, 2019 and nine months ended September 30, 2020 are as follows:

	\$
Balance, December 31, 2018	8,020,143
Amortization	(2,272,706)
Foreign exchange	(336,359)
Balance, December 31, 2019	5,411,078
Amortization	(1,739,471)
Foreign exchange	172,183
Balance, September 30, 2020	3,843,790

**10. GOODWILL**

The goodwill was acquired as a result of the acquisition of NameSilo LLC. The changes in the value of the goodwill during the year ended December 31, 2019 and nine months ended September 30, 2020 are as follows:

	\$
Balance, December 31, 2018	8,670,931
Adjustment	(342,340)
Foreign exchange	(408,436)
Balance, December 31, 2019	7,920,155
Foreign exchange	214,042
Balance, September 30, 2020	8,134,197

An adjustment was recorded during the year ended December 31, 2019 to decrease the amount of goodwill as part of the finalization of the purchase price allocation resulting from the acquisition of NameSilo LLC.

The Company performs a goodwill impairment test annually and when circumstances indicate that the carrying value may not be recoverable. The recoverable amount of the CGU was based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The cash flows were projected over a five-year period based on past experience and actual operating results. The Company performed its annual goodwill impairment test in April 2020 and no impairment was indicated for the period tested. The values assigned to the key assumptions represented management's assessment of future trends in the industry and were based on historical data from both internal and external sources. The weighted average cost of capital of 17.5% was used in the assessment of the CGU.

**NAMESILO TECHNOLOGIES CORP.**  
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**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Company is subject to indirect taxation in some, but not all, of the various states and foreign jurisdictions in which the Company conducts business. Laws and regulations attempting to subject communications and commerce conducted over the internet to various indirect taxes are becoming more prevalent, both domestically and internationally, and may impose additional burdens on the Company in the future. Taxing authorities may impose indirect taxes on the internet-related revenue generated by the Company based on regulations currently being applied to similar, but not directly comparable, industries. There are many transactions and calculations where the ultimate indirect tax determination is uncertain. In addition, domestic and international indirect taxation laws are complex and subject to change. The Company may be audited in the future, which could result in changes to the indirect tax estimates.

As at September 30, 2020 and December 31, 2019, an accrual for estimated indirect tax liabilities of \$575,258 has been included in accounts payable and accrued liabilities. This accrual reflects management's best estimate of the probable liability based on an analysis of the Company's business activities, revenues subject to indirect taxes and applicable regulations. Although the company believes its indirect tax estimates and associated liabilities are reasonable, the final determination of indirect tax audits or settlements could be materially different than the amounts established for indirect tax contingencies.

**12. DEFERRED REVENUE**

Deferred revenue consists of the following as at September 30, 2020 and December 31, 2019:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
	<b>\$</b>	<b>\$</b>
Current	16,722,250	15,129,639
Non-current	1,281,992	1,383,953
	<b>18,004,242</b>	<b>16,513,592</b>

The increase in the deferred revenue balance is primarily driven by payments received in advance of satisfying our performance obligations, affected by \$23,232,578 of revenue recognized during the nine months ended September 30, 2020. The changes in the value of deferred revenue during the year ended December 31, 2019 and nine months ended September 30, 2020 are as follows:

	<b>\$</b>
Balance, December 31, 2018	14,401,622
Additions	29,278,183
Transferred to revenue	(27,166,213)
Balance, December 31, 2019	16,513,592
Additions	24,723,228
Transferred to revenue	(23,232,578)
Balance, September 30, 2020	18,004,242



**NAMESILO TECHNOLOGIES CORP.**  
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**13. LOANS PAYABLE**

On May 1, 2018, the Company received a bridge loan financing in the principal amount of \$5,000,000. The loan bore interest at a rate of 8% per annum and was due on November 1, 2018. On June 21, 2018, the Company entered into an amended loan agreement which extended the maturity date to June 21, 2019.

On June 21, 2018, the Company received another bridge loan financing in the principal amount of \$6,347,916 (USD\$4,770,000). The loans bore interest at a rate of 8% per annum and were due on June 21, 2019.

As an incentive for the lenders entering into the loan agreements, the Company issued as a bonus a total of 3,750,000 common shares to the lenders. The fair value of the common shares issued (\$1,312,500) was recorded as transaction costs against the value of the loans payable and amortized over the term of the loans.

On June 17, 2019, the Company entered into amended loan agreements to restructure the loans. As a result of the restructuring, the Company repaid \$1,293,978 of the principal amount of the loans and the maturity date of the loans has been extended to December 17, 2020. The Company was then indebted to the lenders in the principal amount of \$4,430,000, USD\$2,115,000, and USD\$2,115,000 respectively. Each loan bears interest at a rate of 11% per annum and is payable on a quarterly basis. The Company is required to pay 25% of each loan by July 17, 2020 and the balance of the loans by December 17, 2020. The loans remain unsecured and are pre-payable at any time without penalties.

On July 17, 2020, the Company entered into First Extension and Amendments to Loan Agreements to further amend the loans. As a result of the amendments, the Company paid total extension fee of \$50,000, repaid \$650,000 of the principal plus interest, and the first payment date of July 17, 2020 was extended to September 17, 2020. The Company has also granted to the lenders a first-ranking security interest over all of the present and after-acquired assets of the Company. The security interest provided to the lenders will cease once the Company has fully paid the loans.

	<b>\$</b>
Balance, December 31, 2018	11,429,977
Repayment	(2,776,554)
Amortization of transaction costs	618,493
Interest expense	1,031,411
Foreign exchange	(308,951)
Balance, December 31, 2019	9,994,376
Repayment	(3,388,797)
Interest expense	835,065
Foreign exchange	153,125
Balance, September 30, 2020	7,593,769

**NAMESILO TECHNOLOGIES CORP.**  
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**14. CONVERTIBLE DEBENTURE**

On May 2, 2018, the Company issued a convertible debenture in the principal amount of \$300,000. The debentures were secured on the assets of the Company, bore interest at a rate of 10% per annum, payable semi-annually and due eighteen months after closing. The debenture was convertible into common shares of the Company at a price of \$0.50 per share. Further, the holder received a total of 300,000 detachable share purchase warrants. The warrants were exercisable at a price of \$0.65 per share for a period of eighteen months from the date of issue.

For accounting purposes, the convertible debenture was separated into liability and equity components. The fair value of the liability component was calculated as the discounted cash flows for the convertible debenture assuming a 15% effective interest rate which was the estimated rate for convertible debentures without a conversion feature. The fair value of the equity component (conversion feature) was determined as the difference between the face value of the convertible debenture and the fair value of the liability component.

The fair value of the share purchase warrants was estimated to be \$30,399 based on the Black-Scholes option pricing model. The following assumptions were used for the fair value determination of the warrants: dividend yield of 0%, expected volatility of 100.8%, a risk-free interest rate of 0.73% and an expected life of 1.5 years. The fair value of the share purchase warrants was allocated between the liability and equity components of the convertible debenture on a pro rata basis.

During the three and nine months ended September 30, 2020, the Company recorded accrued interest of \$15,403 and \$15,403 (2019 - \$7,562 and \$22,357) on the convertible debenture. The changes in the value of the convertible debenture during the year ended December 31, 2019 and nine months ended September 30, 2020 are as follows:

	<b>Liability Component (\$)</b>	<b>Equity Component (\$)</b>
Balance, December 31, 2018	273,296	15,808
Accretion	26,704	-
Repayment	(130,000)	-
<b>Balance, December 31, 2019 and September 30, 2020</b>	<b>170,000</b>	<b>15,808</b>

**15. SHARE CAPITAL**

(a) Authorized

Unlimited number of common shares without par value.  
Unlimited number of preferred shares without par value.

(b) Issued

During the year ended December 31, 2019, 1,323,833 warrants were exercised at a price of \$0.25 for gross proceeds of \$330,958 and 2,489,287 warrants were exercised at a price of \$0.30 for gross proceeds of \$746,786.

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On September 25, 2020, the Company closed the first tranche of a non-brokered private placement financing by issuing 9,630,000 units at a price of \$0.20 per unit for total proceeds of \$1,926,000. On September 28, 2020, the Company closed the second tranche of the private placement by issuing 9,591,000 units at a price of \$0.20 per unit for total proceeds of \$1,918,200. Each unit consists of one common share and one-half of one share purchase warrant (each whole warrant a “Warrant”). Each whole Warrant will entitle the holder to purchase one additional share of the Company at a price of \$0.30 per share for a period of two years from the date of issue. The Company paid finder’s fee of \$100,992, incurred issue costs of \$11,577, and issued a total of 865,020 finders warrants. Each finder’s warrant will entitle the holder to purchase one additional common share at a price of \$0.30 per share for a period of two years from the date of issue.

The fair value of the finders warrants was determined to be \$70,217 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of \$nil, risk free interest rate of 0.23%, expected life of 2 years and expected volatility of 66%.

(c) Stock options

The Company has a stock option plan in accordance with the policies on the Canadian Securities Exchange whereby, from time to time at the discretion of the Board of Directors, stock options are granted to directors, officers and certain consultants.

Under the plan up to 10% of the total number of issued common shares of the Company, calculated on a non-diluted basis, at the time an option is granted are available for the issuance of stock options. The exercise price of each option is based on the market price of the Company’s common stock at the date of the grant less an applicable discount. The options can be granted for a maximum term of 10 years. The maximum number of options that may be granted to any one person must not exceed 5% of the common shares issued and outstanding at the time of grant unless disinterested shareholder approval is obtained. Any options granted to consultants or persons performing Investor Relations under the Amended Stock Option Plan shall vest to the optionee as follows: 25% at date of grant, 25% six months from date of grant, 25% nine months from date of grant and the remaining 25% twelve months from the date of grant. All other options granted under the Amended Stock Option Plan shall have vesting terms set at the discretion of the Board of Directors.

A summary of the stock option activity is as follows:

	<b>September 30, 2020</b>		December 31, 2019	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of year/period	3,475,000	\$0.30	3,100,000	\$0.27
Granted	-	-	675,000	\$0.44
Expired	-	-	(300,000)	\$0.30
<b>Balance, end of year/period</b>	<b>3,475,000</b>	<b>\$0.30</b>	<b>3,475,000</b>	<b>\$0.30</b>

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As at September 30, 2020, the Company has outstanding directors' and employees' incentive stock options enabling the holders to acquire additional common shares as follows:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
100,000	100,000	\$0.45	April 5, 2021
500,000	500,000	\$0.10	August 4, 2021
1,000,000	1,000,000	\$0.23	December 20, 2022
1,300,000	1,300,000	\$0.35	August 8, 2023
250,000	250,000	\$0.45	March 22, 2024
325,000	216,666	\$0.42	September 16, 2024
<b>3,475,000</b>	<b>3,366,666</b>		<b>2.46 years remaining</b>

On March 22, 2019, the Company granted 250,000 stock options to a director. The options are exercisable at a price of \$0.45 per share for a period of five years from the date of grant.

On April 5, 2019, the Company granted 100,000 stock options to a consultant. The options are exercisable at a price of \$0.45 per share for a period of two years from the date of grant.

On September 16, 2019, the Company granted 325,000 stock options to employees. The options are exercisable at a price of \$0.42 per share for a period of five years from the date of grant.

The fair value of stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: Dividend yield 0%; expected annual volatility 100%; risk-free interest rate 1.89%; market share price of \$0.40; forfeiture rate of 0% and expected life of 2.85 years. Expected volatility was based on the historical share price volatility over the past 5 years. The expected life of the option was calculated based on the history of option exercises.

For the three and nine months ended September 30, 2020, \$10,464 and \$44,702 (2019 - \$3,863 and \$82,075) has been recorded as share-based payment relating to options granted during the year.

(d) Warrants

	September 30, 2020		December 31, 2019	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of year/period	-	\$-	4,113,120	\$0.31
Issued	10,475,520	0.30		
Exercised	-	-	(3,813,120)	(0.28)
Expired	-	-	(300,000)	(0.65)
<b>Balance, end of year/period</b>	<b>10,475,520</b>	<b>\$0.30</b>	<b>-</b>	<b>\$-</b>

**NAMESILO TECHNOLOGIES CORP.**  
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As at September 30, 2020, the Company has outstanding share purchase warrants enabling the holders to acquire additional common shares as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
5,272,560	\$0.30	September 25, 2022
5,202,960	\$0.30	September 28, 2022
10,475,520		1.99 years remaining

**16. DISTRIBUTIONS FROM NAMESILO LLC**

In June and December 2019, NameSilo LLC made cash distributions to all its members. The total amount of distributions made to the 18.5% non-controlling interest were \$416,545 (US\$254,064) during the year ended December 31, 2019.

In March and July 2020, NameSilo LLC made cash distributions to all its members. The total amount of distributions made to the 18.5% non-controlling interest were \$200,778 (US\$148,274) during the nine months ended September 30, 2020.

**17. RELATED PARTY TRANSACTIONS**

The aggregate amount of expenditures made to parties not at arm's length to the Company for the three and nine months ended September 30, 2020 and 2019 are:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Professional fees	26,914	23,013	84,817	53,793
Management fees	36,000	36,000	108,000	108,000
Share-based payment	-	-	-	57,357
	62,914	59,013	192,817	219,150

During the three and nine months ended September 30, 2020, Paul Andreola, President and Director was paid or accrued management fees of \$18,000 and \$54,000 (2019 - \$18,000 and \$54,000), Colin Bowkett, Director was paid or accrued management fees of \$18,000 and \$54,000 (2019 - \$18,000 and \$54,000), Daniel Nanson, Director was paid or accrued professional fees of \$9,450 and \$28,350 (2019 - \$6,300 and \$12,600), and Malaspina Consultants Inc., a company in which Natasha Tsai, Chief Financial Officer is a shareholder, was paid or accrued professional fees of \$17,464 and \$56,467 (2019 - \$10,413 and \$34,893).

Included in accounts payable and accrued liabilities at September 30, 2020 is \$146,325 (December 31, 2019 - \$6,033) due to officers and directors for unpaid management fees.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

There were no post-employment benefits, termination benefits or other long-term benefits paid to key management personnel for the three and nine months ended September 30, 2020 and 2019.

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**18. DETERMINATION OF FAIR VALUES**

Estimates of the fair value of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

At September 30, 2020, the Company's financial instruments include cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, loans payable and convertible debenture. Accounts receivable, accounts payable and accrued liabilities, loans payable and convertible debenture are recognized on the consolidated statement of financial position at their carrying value which approximated their fair value due to their short-term nature.

All financial instruments measured at fair value are categorized into a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described below:

Level 1 – quoted prices (unadjusted) 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 (i.e., as prices) or indirectly (i.e., derived from prices); and  
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

<b>September 30, 2020</b>	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 2,802,036	\$ -	\$ -	\$ 2,802,036
Investment - shares	\$ 8,508,348	\$ -	\$ -	\$ 8,508,348
Investment - warrants	\$ -	\$ -	\$ -	\$ -
<b>December 31, 2019</b>	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 1,046,712	\$ -	\$ -	\$ 1,046,712
Investment - shares	\$ 2,366,727	\$ -	\$ -	\$ 2,366,727
Investment - warrants	\$ -	\$ -	\$ 1,047	\$ 1,047

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**19. SUPPLEMENTAL CASH FLOW INFORMATION**

The following changes in liabilities arose from financing activities:

	December 31, 2019	Cash Flows	Accretion	Foreign exchange movements	September 30, 2020
	\$	\$	\$	\$	\$
Loans payable	9,994,376	(3,388,797)	835,065	153,125	7,593,769
Convertible debenture	170,000	-	-	-	170,000
<b>Total</b>	<b>10,164,376</b>	<b>(3,388,797)</b>	<b>835,065</b>	<b>153,125</b>	<b>7,763,769</b>

**20. SUBSEQUENT EVENTS**

On October 8, 2020, the Company closed the third and final tranche of the non-brokered private placement financing by issuing 19,221,000 units at a price of \$0.20 per unit for total proceeds of \$3,844,200. Each unit consists of one common share and one-half of a Warrant. Each whole Warrant will entitle the holder to purchase one additional share of the Issuer at a price of \$0.30 per share for a period of two years from the date of issue. The Company paid finder's fee of \$189,132 and issued a total of 945,660 finders warrants. Each finder's warrant will entitle the holder to purchase one additional common share at a price of \$0.30 per share for a period of two years from the date of issue.

On October 8, 2020, the Company entered into debt settlement agreements with certain creditors of the Company, including two directors and officers of the Company. Pursuant to these agreements, the Company has issued 1,572,630 units, on the same terms as the units of the private placement, to settle \$314,526 of outstanding debt.