

# **NAMESILO TECHNOLOGIES CORP.**

## **Condensed Interim Consolidated Financial Statements**

(Unaudited – Expressed in Canadian dollars)

**For the Three and Nine Months Ended September 30, 2021 and 2020**

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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, 2021 and 2020.

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

	Notes	September 30, 2021 \$	December 31, 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,999,079	2,401,601
Receivables		228,494	228,412
Prepaid expenses		10,588	82,304
Registry deposits		593,085	1,493,666
Prepaid domain name registry fees, current portion		18,523,396	14,669,911
		<b>22,354,642</b>	<b>18,875,894</b>
Prepaid domain name registry fees, long-term portion		1,748,064	1,407,704
Digital currency	5	723	73,179
Investments	6	5,361,473	11,637,137
Equipment	7	3,674	4,951
Brand	8	308,474	434,494
Customer relationships	9	3,575,822	4,272,420
Goodwill	4, 10	7,769,533	7,764,045
		<b>41,122,405</b>	<b>44,469,824</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11	1,831,799	2,105,356
Customer deposits		1,980,780	1,328,840
Deferred revenue, current portion	12	21,636,378	16,305,711
Loans payable	13	3,897,269	5,793,818
		<b>29,346,226</b>	<b>25,533,725</b>
Deferred revenue, long-term portion	12	2,042,701	1,550,811
Deferred income tax liability		1,248,214	1,247,333
		<b>32,637,141</b>	<b>28,331,869</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	15	35,013,486	35,013,486
Subscription advances		15,608	15,608
Contributed surplus		2,313,861	1,981,045
Accumulated other comprehensive loss		(120,919)	(44,475)
Deficit		(29,987,612)	(22,689,370)
Total equity attributable to shareholders of the Company		7,234,424	14,276,294
Attributable to non-controlling interest		1,250,840	1,861,661
		<b>8,485,264</b>	<b>16,137,955</b>
		<b>41,122,405</b>	<b>44,469,824</b>

Nature of operations and going concern (note 1)  
Subsequent event (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 (Loss) Income For the three and nine months ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian Dollars)

	Notes	For the three months ended September 30, 2021 \$	For the three months ended September 30, 2020 \$	For the nine months ended September 30, 2021 \$	For the nine months ended September 30, 2020 \$
<b>REVENUE</b>		<b>9,217,902</b>	8,070,601	<b>25,618,698</b>	23,232,578
<b>COST OF SALES</b>		<b>(7,869,303)</b>	(6,938,045)	<b>(21,863,144)</b>	(20,783,334)
<b>GROSS PROFIT</b>		<b>1,348,599</b>	1,132,556	<b>3,755,554</b>	2,449,244
<b>GENERAL AND ADMINISTRATION EXPENSES</b>					
Amortization	7,8,9	272,673	614,856	812,442	1,875,008
Consulting fees		642,855	142,768	1,045,997	142,768
Management fees	17	90,000	36,000	174,000	108,000
Office and general		381,118	376,154	1,218,462	1,095,112
Professional fees	17	91,322	195,179	336,182	333,153
Salaries		40,093	9,880	137,508	112,317
Transfer agent and filing		5,325	7,138	18,735	18,224
		<b>1,523,386</b>	1,381,975	<b>3,743,326</b>	3,684,582
<b>Income (loss) before other items</b>		<b>(174,787)</b>	(249,419)	<b>12,228</b>	(1,235,338)
<b>OTHER ITEMS</b>					
Foreign exchange gain (loss)		(55,004)	108,028	25,721	(160,542)
Gain on write-off of accounts payable		-	-	15,201	-
Interest and loan accretion expense	13,14	(102,053)	(284,814)	(378,326)	(852,713)
Other income		-	-	69	4,655
Realized (loss) gain on digital currency	5	(191,620)	(2,959)	(114,450)	364,147
(Loss) gain on investments	6	453,120	3,163,614	(6,272,564)	6,049,396
Share-based payment	15, 17	(329,053)	(11,133)	(332,816)	(86,653)
		<b>(224,610)</b>	2,972,736	<b>(7,057,165)</b>	5,318,290
<b>(Loss) income before income tax</b>		<b>(399,397)</b>	2,723,317	<b>(7,044,937)</b>	4,082,952
Income tax expense		(103,681)	-	(189,003)	-
<b>Net (loss) income</b>		<b>(503,078)</b>	2,723,317	<b>(7,233,940)</b>	4,082,952
<b>Other comprehensive income (loss)</b>					
Digital currency revaluation		(17,438)	(7,016)	(42,285)	(6,281)
Exchange difference on subsidiary translation		213,419	(176,398)	(51,511)	368,120
<b>Total comprehensive income (loss)</b>		<b>(307,097)</b>	2,539,903	<b>(7,327,736)</b>	4,444,791
<b>(Loss) income attributable to:</b>					
Shareholders of the Company		(461,138)	2,738,767	(7,298,242)	4,167,333
Non-controlling interest		(41,940)	(15,450)	64,302	(84,381)
		<b>(503,078)</b>	2,723,317	<b>(7,233,940)</b>	4,082,952
<b>Comprehensive (loss) income attributable to:</b>					
Shareholders of the Company		(301,413)	2,590,583	(7,374,686)	4,463,394
Non-controlling interest		(5,684)	(50,680)	46,950	(18,603)
		<b>(307,097)</b>	2,539,903	<b>(7,327,736)</b>	4,444,791
<b>Basic and diluted (loss) earnings per share</b>		<b>(0.01)</b>	0.04	<b>(0.08)</b>	0.06
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>92,646,648</b>	63,994,409	<b>92,646,648</b>	62,884,215

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 Debtenture – Equity Component \$	Contributed Surplus \$	AOCI \$	Deficit \$	NCI \$	Total \$
Balance, January 1, 2020	62,323,018	29,314,789	15,608	15,808	1,813,338	29,456	(29,305,662)	2,245,128	4,128,465
Shares issued for private placements	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 for the period	-	-	-	-	-	296,061	4,167,333	(18,603)	4,444,791
Balance, September 30, 2020	81,544,018	32,976,203	171,608	15,808	1,970,208	319,236	(25,138,329)	2,025,747	12,340,481
Shares issued for private placements	9,530,000	1,906,000	(156,000)	-	-	-	-	-	1,750,000
Share issuance cost – cash	-	(192,830)	-	-	-	-	-	-	(192,830)
Share issuance costs – warrants	-	(6,221)	-	-	6,221	-	-	-	-
Shares issued for debt	1,572,630	330,334	-	(15,808)	-	-	-	-	314,526
Share-based payment	-	-	-	-	4,616	-	-	-	4,616
Distributions	-	-	-	-	-	-	-	(29,224)	(29,224)
Digital currency revaluation	-	-	-	-	-	14,409	-	-	14,409
Net and comprehensive (loss) income for the period	-	-	-	-	-	(378,120)	2,448,959	(134,862)	1,935,977
Balance, December 31, 2020	92,646,648	35,013,486	15,608	-	1,981,045	(44,475)	(22,689,370)	1,861,661	16,137,955
Share-based payment	-	-	-	-	332,816	-	-	-	332,816
Distributions	-	-	-	-	-	-	-	(657,771)	(657,771)
Net and comprehensive (loss) income for the period	-	-	-	-	-	(76,444)	(7,298,242)	46,950	(7,327,736)
<b>Balance, September 30, 2021</b>	<b>92,646,648</b>	<b>35,013,486</b>	<b>15,608</b>	<b>-</b>	<b>2,313,861</b>	<b>(120,919)</b>	<b>(29,987,612)</b>	<b>1,250,840</b>	<b>8,485,264</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>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS PROVIDED BY (USED IN):</b>		
<b>Operating activities</b>		
Net (loss) income for the period	(7,233,940)	4,082,952
Adjustment for items not involving cash:		
Amortization	812,442	1,875,008
Foreign exchange (gain) loss	(24,935)	153,125
Interest expense and loan accretion	377,593	835,065
Share-based payment	332,816	86,653
Loss (gain) on investments	6,272,564	(6,049,396)
Realized loss on digital currency	114,450	-
	<b>650,990</b>	<b>983,407</b>
Changes in non-cash working capital related to operations:		
Receivables	(82)	(88,919)
Prepaid expenses	71,716	(2,326)
Registry deposits	900,581	(785,247)
Prepaid domain name registry fees	(4,193,845)	(777,469)
Digital currency	(66,927)	694,353
Accounts payable and accrued liabilities	(273,557)	(132,971)
Customer deposits	651,940	166,837
Deferred revenue	5,822,557	1,490,650
<b>Net cash provided by operating activities</b>	<b>3,563,373</b>	<b>1,548,315</b>
<b>Investing activities</b>		
Sale of investments	44,540	221,322
Purchase of investments	(41,440)	(312,500)
<b>Net cash provided by investing activities</b>	<b>3,100</b>	<b>(91,178)</b>
<b>Financing activities</b>		
Issue of share capital	-	3,731,631
Subscription advances	-	156,000
Repayment of loans payable	(2,249,207)	(3,388,797)
Distributions to NCI	(657,771)	(200,778)
<b>Net cash used in financing activities</b>	<b>(2,906,978)</b>	<b>298,056</b>
<b>Foreign exchange on cash</b>	<b>(62,017)</b>	<b>131</b>
Increase in cash during the period	659,495	1,755,193
Cash – beginning of the period	2,401,601	1,046,712
<b>Cash – end of the period</b>	<b>2,999,079</b>	<b>2,802,036</b>
Cash paid for interest	(352,011)	(835,065)
Cash paid for income tax	(189,003)	-

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, 2021 and 2020**  
(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, 2021, the Company had a net loss of \$7,233,940, a working capital deficit of \$6,991,584 and an accumulated deficit of \$29,987,612. 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 could 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 29, 2021.

**NAMESILO TECHNOLOGIES CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2021 and 2020**  
(Unaudited – Expressed in Canadian Dollars)

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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, 2021	Dec 31, 2020
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.



**NAMESILO TECHNOLOGIES CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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(Unaudited – Expressed in Canadian Dollars)

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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; and
- b. The tax basis of assets and liabilities and related deferred income tax assets and liabilities.

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 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; and

**NAMESILO TECHNOLOGIES CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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d. 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>

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.

# **NAMESILO TECHNOLOGIES CORP.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

### **For the three and nine months ended September 30, 2021 and 2020**

(Unaudited – Expressed in Canadian Dollars)

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#### **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 0.01 bitcoin with a fair value of \$723 (USD\$567) as at September 30, 2021 (December 31, 2020 – 2 bitcoins with a fair value of \$73,179 (USD\$57,477)).

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, 2021 and 2020

(Unaudited – Expressed in Canadian Dollars)

#### 6. INVESTMENTS

##### September 30, 2021

	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 20	165,999	\$ 22,410	821,300	\$ 61,598	100,000	\$ 60,000	523,332	\$ 78,500	45,000	\$ 5,400
Proceeds from sale	(165,999)	(28,730)	-	-	-	-	-	-	-	-
Gain (loss)	-	6,320	-	(24,639)	-	(18,000)	-	-	-	900
Balance, Sep 30 21	-	\$ (0)	821,300	\$ 36,959	100,000	\$ 42,000	523,332	\$ 78,500	45,000	\$ 6,300

	Vigil Health Solutions		ImmunoPrecise Antibodies		West Mining Corp.		Atlas Engineered Products Ltd.		Total
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Balance, Dec 31 20	362,500	\$ 114,187	560,000	\$ 10,886,400	200,000	\$ 72,000	821,079	\$ 336,642	\$ 11,637,137
Purchased	-	-	-	-	-	-	100,000	41,440	41,440
Proceeds from sale	-	-	-	-	(20,000)	(15,810)	-	-	(44,540)
Gain (loss)	-	117,813	-	(6,473,600)	-	(28,290)	-	146,933	(6,272,564)
Balance, Sep 30 21	362,500	\$ 232,000	560,000	\$ 4,412,800	180,000	\$ 27,900	921,079	\$ 525,015	\$ 5,361,473

##### December 31, 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	-	-	-	-	-	-	-	-	-	-
Share consolidation	-	-	-	-	-	-	-	-	-	-
Proceeds from sale	(127,433)	(74,124)	(100,000)	(12,840)	(37,000)	(9,000)	-	-	(295,000)	(33,638)
Gain (loss)	-	(3,233)	-	46,799	-	31,325	-	-	-	(62)
Balance, Dec 31 20	165,999	\$ 22,410	821,300	\$ 61,598	100,000	\$ 60,000	523,332	\$ 78,500	45,000	\$ 5,400

	Vigil Health Solutions		ImmunoPrecise Antibodies		ImmunoPrecise Antibodies – Warrants		West Mining Corp.		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
Share consolidation	-	-	(2,240,000)	-	-	-	-	-	-	-	-
Proceeds from sale	(306,500)	(86,335)	-	-	-	-	-	-	(77,500)	(28,755)	(244,692)
Gain (loss)	-	(23,593)	-	9,120,400	-	(1,047)	-	25,000	-	5,966	9,201,555
Balance, Dec 31 20	362,500	\$ 114,187	560,000	\$ 10,886,400	-	\$ (0)	200,000	\$ 72,000	821,079	\$ 336,642	\$ 11,637,137

## NAMESILO TECHNOLOGIES CORP.

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#### 7. EQUIPMENT

	Furniture & Equipment
	\$
Cost:	
<b>Balance, December 31, 2019, December 31, 2020 and September 30, 2021</b>	<b>8,517</b>
Accumulated Amortization:	
Balance, December 31, 2019	1,862
Amortization	1,704
Balance, December 31, 2020	3,566
Amortization	1,277
<b>Balance, September 30, 2021</b>	<b>4,843</b>
Net Book Value:	
December 31, 2020	4,951
<b>September 30, 2021</b>	<b>3,674</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 nine months ended September 30, 2021 and year ended December 31, 2020 are as follows:

	\$
Balance, December 31, 2019	614,932
Amortization	(177,346)
Foreign exchange	(3,092)
Balance, December 31, 2020	434,494
Amortization	(124,066)
Foreign exchange	(1,954)
<b>Balance, September 30, 2021</b>	<b>308,474</b>

#### 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 nine months ended September 30, 2021 and year ended December 31, 2020 are as follows:

	\$
Balance, December 31, 2019	5,411,078
Amortization	(1,087,365)
Foreign exchange	(51,293)
Balance, December 31, 2020	4,272,420
Amortization	(687,099)
Foreign exchange	(9,499)
<b>Balance, September 30, 2021</b>	<b>3,575,822</b>

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During the year ended December 31, 2020, the portion of the customer relationships with a useful life of 18 months has been fully amortized.

**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 nine months ended September 30, 2021 and the year ended December 31, 2020 are as follows:

	\$
Balance, December 31, 2019	7,920,155
Foreign exchange	(156,110)
Balance, December 31, 2020	7,764,045
Foreign exchange	5,488
Balance, September 30, 2021	7,769,533

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 2021 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 key assumptions applied in the impairment test include a weighted average cost of capital of 15%, average revenue growth rate of 8% per year and terminal value growth rate of 5%.

**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 in Canada 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, Canadian 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, 2021, an accrual for estimated indirect tax liabilities of \$814,496 (December 31, 2020 – \$813,920) 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, 2021 and December 31, 2020:

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	September 30, 2021	December 31, 2020
	\$	\$
Current	21,636,378	16,305,711
Non-current	2,042,701	1,550,811
	23,679,079	17,856,522

The increase in the deferred revenue balance is primarily driven by payments received in advance of satisfying our performance obligations, affected by \$25,618,698 of revenue recognized during the nine months ended September 30, 2021. The changes in the value of deferred revenue during the nine months ended September 30, 2021 and the year ended December 31, 2020 are as follows:

	\$
Balance, December 31, 2019	16,513,592
Additions	32,393,910
Transferred to revenue	(31,050,980)
Balance, December 31, 2020	17,856,522
Additions	31,441,255
Transferred to revenue	(25,618,698)
Balance, September 30, 2021	23,679,079

### 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 and the maturity date of the loans was 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 bore interest at a rate of 11% per annum which was payable quarterly. The Company was required to pay 25% of each loan by July 17, 2020 and the balance by December 17, 2020. The loans were pre-payable at any time without penalties.

On July 17, 2020, the Company entered into the 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 first extended to September 17, 2020 and later extended to September 23, 2020 pursuant to the Second Extension and Amendments to Loan Agreements. The Company also

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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 would cease once the Company fully repaid the loans.

On December 17, 2020, the Company entered into the Third Extension and Agreements to Loan Agreements, which extended the maturity date of the loan to February 15, 2021. The maturity date was extended again to March 1, 2021 pursuant to the Fourth Extension Letter signed on February 15, 2021 and to June 10, 2021 pursuant to the Fifth Extension and Agreements to Loan Agreements signed on April 6, 2021.

	\$
Balance, December 31, 2019	9,994,376
Repayment	(5,196,226)
Interest expense	1,001,332
Foreign exchange	(5,664)
Balance, December 31, 2020	5,793,818
Repayment	(2,249,207)
Interest expense	377,593
Foreign exchange	(24,935)
Balance, September 30, 2021	3,897,269

**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 year ended December 31, 2020, the Company recorded interest expense of \$15,403 on the convertible debenture.

On September 30, 2020, the remaining convertible debenture balance of \$170,000 plus accrued interest of \$60,526 was settled with 1,152,630 units of the Company at a price of \$0.20 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each share



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purchase 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 changes in the value of the convertible debenture during the nine months ended September 30, 2021 and the year ended December 31, 2020 are as follows:

	<b>Liability Component (\$)</b>	<b>Equity Component (\$)</b>
Balance, December 31, 2019	170,000	15,808
Settlement	(170,000)	(15,808)
Balance, December 31, 2020 and September 30, 2021	-	-

**15. SHARE CAPITAL**

(a) Authorized

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

(b) Issued

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. On October 6, 2020, the Company closed the third and final tranche of the private placement by issuing 9,530,000 units at a price of \$0.20 per unit for total proceeds of \$1,906,000. 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 \$281,427, incurred issue costs of \$23,972, 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.

The fair value of the finders warrants was determined to be \$76,438 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 67%.

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.

(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.

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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, 2021</b>		December 31, 2020	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of period / year	3,475,000	\$0.30	3,475,000	\$0.30
Granted	2,750,000	0.22	-	-
Expired	(600,000)	0.16	-	-
Balance, end of period / year	5,625,000	\$0.28	3,475,000	\$0.30

As at September 30, 2021, 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
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	325,000	\$0.42	September 16, 2024
2,750,000	2,750,000	\$0.22	September 17, 2027
5,625,000	5,625,000		3.36 years remaining

In September 2021, the Company granted a total of 2,750,000 stock options to its officers, directors and consultants. The options are exercisable at a price of \$0.22 per share for a period of five years from the date of grant.

For the three and nine months ended September 30, 2021, \$329,053 and \$332,816 (2020 - \$10,464 and \$44,702) has been recorded as share-based payment relating to options granted during the period.

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(d) Warrants

	September 30, 2021		December 31, 2020	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of period / year	16,107,475	\$0.30	-	\$-
Issued	-	-	16,107,475	0.30
Exercised	-	-	-	-
Expired	-	-	-	-
<b>Balance, end of period / year</b>	<b>16,107,475</b>	<b>\$0.30</b>	<b>16,107,475</b>	<b>\$0.30</b>

As at September 30, 2021, 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
5,631,955	\$0.30	October 6, 2022
<b>16,107,475</b>		<b>1 year remaining</b>

**16. DISTRIBUTIONS FROM NAMESILO LLC**

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 \$230,002 (US\$171,451) during the year ended December 31, 2020.

In March, May, July and August 2021, NameSilo LLC made cash distributions to all its members. The total amount of distributions made to the 18.5% non-controlling interest were \$657,771 (US\$525,670) during the nine months ended September 30, 2021.

**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, 2021 and 2020 are:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Professional fees	16,576	26,914	85,820	84,817
Management fees	90,000	36,000	174,000	108,000
	<b>106,576</b>	<b>62,914</b>	<b>259,820</b>	<b>192,817</b>

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During the three and nine months ended September 30, 2021, Paul Andreola, President and Director was paid or accrued management fees of \$45,000 and \$87,000 (2020 - \$18,000 and \$54,000), Colin Bowkett, Director was paid or accrued management fees of \$45,000 and \$87,000 (2020 - \$18,000 and \$54,000), Daniel Nanson, Director was paid or accrued professional fees of \$nil and \$15,750 (2020 - \$9,450 and \$28,350), and Malaspina Consultants Inc., a company in which Natasha Tsai, Chief Financial Officer is a shareholder, was paid or accrued professional fees of \$16,576 and \$70,070 (2020 - 17,464 and \$56,467).

Included in accounts payable and accrued liabilities at September 30, 2021 is \$12,760 (December 31, 2020 - \$21,018) 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 nine months ended September 30, 2021 and 2020.

**18. DETERMINATION OF FAIR VALUES**

The Company's financial assets were classified into the following categories:

- FVTPL – Cash and cash equivalents, and investments
- FVOCI – None
- Amortized Cost – Receivables

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, 2021, the Company's financial instruments include cash and cash equivalents, receivables, investments, accounts payable and accrued liabilities, and loans payable. Receivables, accounts payable and accrued liabilities, and loans payable are recognized on the consolidated statement of financial position at their carrying values 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.

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<b>September 30, 2021</b>	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 2,999,079	\$ -	\$ -	\$ 2,999,079
Investment - shares	\$ 5,361,473	\$ -	\$ -	\$ 5,361,473

  

<b>December 31, 2020</b>	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 2,401,601	\$ -	\$ -	\$ 2,401,601
Investment - shares	\$ 11,637,137	\$ -	\$ -	\$ 11,637,137

#### 19. SUPPLEMENTAL CASH FLOW INFORMATION

The following changes in liabilities arose from financing activities:

	<b>December 31, 2020</b>	<b>Cash Flows</b>	<b>Accretion</b>	<b>Foreign exchange movements</b>	<b>September 30, 2021</b>
	\$	\$	\$	\$	\$
Loans payable	5,793,818	(2,249,207)	377,593	(24,935)	3,897,269

#### 20. SUBSEQUENT EVENT

Subsequent to September 30, 2021, the Company entered into a loan agreement with a third party lender (the "Lender") whereby the Lender will loan the Company a total of \$3,900,000 (the "Loan"). The Loan is for a term of three years and accrues interest at a rate of 12% per annum. The Loan will be used to refinance the Company's existing loans.

Under the terms of the loan agreement, the Lender may convert, at its option, all or any portion of the principal to common shares of the Company at a price of \$0.25 per share. The Company will have the right to cause a forced conversion of 50% of the outstanding principal amount into common shares if the weighted average price of the common shares is equal to or greater than \$0.50 per share over twenty consecutive trading days.

The Company will have the right to prepay all or any portion of the principal at any time. If the Company elects to repay any portion of the Loan, the Lender will be entitled to a fee equal to one year of interest on the principal amount repaid by the Company. The Lender has been granted certain security interests in the business of the Company.