

NAMESILO TECHNOLOGIES CORP.

Condensed Interim Consolidated Financial Statements

(Unaudited – Expressed in Canadian dollars)

For the Three and Six Months Ended June 30, 2023 and 2022

Index

Notice of No Auditor Review of Interim Financial Statements

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statements of Financial Position

Condensed Interim Consolidated Statements of Comprehensive Loss

Condensed Interim Consolidated Statements of Changes in Equity

Condensed Interim Consolidated Statements of Cash Flows

Notes to the Condensed Interim Consolidated Financial Statements

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 six months ended June 30, 2023 and 2022.

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

	Notes	June 30, 2023 \$	December 31, 2022 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,378,768	1,203,008
Receivables		167,633	66,192
Prepaid expenses		9,809	4,842
Registry deposits		2,189,083	2,469,025
Prepaid domain name registry fees, current portion		21,579,057	20,728,311
		25,324,350	24,471,378
Prepaid domain name registry fees, long-term portion		1,491,179	1,952,750
Digital currency	3	527,402	113,234
Investments	4	4,926,500	5,804,849
Equipment	5	69,787	76,708
Brand	6	14,248	104,101
Customer relationships	7	2,019,494	2,561,670
Goodwill	8	8,073,826	8,259,207
		42,446,786	43,343,897
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	5,924,458	6,480,849
Customer deposits		2,456,780	2,357,629
Deferred revenue, current portion	10	24,701,772	23,373,999
		33,083,010	32,212,477
Convertible debenture – liability portion	11	3,584,052	3,468,764
Deferred revenue, long-term portion	10	1,700,010	2,212,469
Deferred income tax liability		697,841	713,863
		39,064,913	38,607,573
SHAREHOLDERS' EQUITY			
Share capital	12	34,601,155	34,601,155
Subscription advances		15,608	15,608
Convertible debt – equity portion	11	566,106	566,106
Contributed surplus		2,545,187	2,545,187
Accumulated other comprehensive income		54,716	76,819
Deficit		(34,701,378)	(33,486,331)
Total equity attributable to shareholders of the Company		3,081,394	4,318,544
Attributable to non-controlling interest		300,479	417,780
		3,381,873	4,736,324
		42,446,786	43,343,897

Nature of operations and going concern (note 1)
Subsequent event (note 12)

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
For the three and six months ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

	Notes	For the three months ended June 30, 2023 \$	For the three months ended June 30, 2022 \$	For the six months ended June 30, 2023 \$	For the six months ended June 30, 2022 \$
REVENUE	10	12,008,757	11,248,570	23,917,715	22,008,394
COST OF SALES	10	(9,904,842)	(9,051,949)	(19,727,622)	(17,587,807)
GROSS PROFIT		2,103,915	2,196,621	4,190,093	4,420,587
GENERAL AND ADMINISTRATION EXPENSES					
Amortization	5, 6, 7	292,808	278,437	587,750	554,566
Contractor payments		504,787	498,139	990,037	894,157
Management fees	15	90,000	90,000	180,000	180,000
Merchant fees		330,450	383,944	662,509	718,127
Office and general		186,222	239,588	414,266	404,475
Product development costs		163,155	-	326,143	-
Professional fees	15	216,955	90,941	311,913	237,408
Salaries		57,776	49,627	121,168	102,317
Transfer agent and filing		7,855	4,194	14,078	9,136
		1,850,008	1,634,870	3,607,864	3,100,186
Income before other items		253,907	561,751	582,229	1,320,401
OTHER ITEMS					
Foreign exchange (loss) gain		(16,183)	28,864	(14,277)	11,743
Interest and loan accretion expense	12	(176,077)	(171,116)	(348,647)	(340,067)
Other income		300	196	300	196
Realized gain (loss) on digital currency	3	76,495	(53,060)	213,361	(65,474)
Loss (gain) on investments	4	285,343	(1,049,675)	(1,367,723)	(1,279,226)
Other (expense) recovery		462,494	-	28,733	-
		632,372	(1,244,791)	(1,488,253)	(1,672,828)
(Loss) income before income tax		886,279	(683,040)	(906,024)	(352,427)
Income tax expense		(58,268)	-	(83,184)	-
Net (loss) income		828,011	(683,040)	(989,208)	(352,427)
Other comprehensive (loss) income					
Digital currency revaluation		(129,841)	7,293	4,098	7,080
Exchange difference on subsidiary translation		(23,331)	148,146	(31,219)	15,268
Total comprehensive (loss) income		674,839	(527,601)	(1,016,329)	(330,079)
(Loss) income attributable to:					
Shareholders of the Company		641,862	(811,238)	(1,215,047)	(661,463)
Non-controlling interest		186,149	128,198	225,839	309,036
		828,011	(683,040)	(989,208)	(352,427)
Comprehensive (loss) income attributable to:					
Shareholders of the Company		517,028	(684,555)	(1,237,150)	(643,249)
Non-controlling interest		157,811	156,954	220,821	313,170
		674,839	(527,601)	(1,016,329)	(330,079)
Basic and diluted loss per share		0.01	(0.01)	(0.01)	(0.00)
Weighted average number of shares outstanding – basic and diluted		91,585,648	92,646,648	91,585,648	92,646,648

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 \$	Number of Treasury Shares #	Treasury Share Amount \$	Subscription Advances \$	Convertible Debenture – Equity Component \$	Contributed Surplus \$	AOCI \$	Deficit \$	NCI \$	Total \$
Balance, January 1, 2022	92,646,648	35,013,486	-	-	15,608	566,106	2,313,861	(138,836)	(31,484,082)	931,474	7,217,617
Distributions	-	-	-	-	-	-	-	-	-	(220,265)	(220,265)
Net and comprehensive loss for the period	-	-	-	-	-	-	-	18,214	(661,463)	313,170	(330,079)
Balance, June 30, 2022	92,646,648	35,013,486	-	-	15,608	566,106	2,313,861	(120,622)	(32,145,545)	1,024,379	6,667,273
Share repurchases	-	-	(2,544,500)	(412,331)	-	-	-	-	-	-	(412,331)
Cancellation of shares	(1,061,000)	(171,933)	1,061,000	171,933	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	231,326	-	-	-	231,326
Distributions	-	-	-	-	-	-	-	-	-	(230,520)	(230,520)
Net and comprehensive loss for the period	-	-	-	-	-	-	-	197,441	(1,340,786)	(376,079)	(1,519,424)
Balance, December 31, 2022	91,585,648	34,841,553	(1,483,500)	(240,398)	15,608	566,106	2,545,187	76,819	(33,486,331)	417,780	4,736,324
Distributions	-	-	-	-	-	-	-	-	-	(338,122)	(338,122)
Net and comprehensive loss for the period	-	-	-	-	-	-	-	(22,103)	(1,215,047)	220,821	(1,016,329)
Balance, June 30, 2023	91,585,648	34,841,553	(1,483,500)	(240,398)	15,608	566,106	2,545,187	54,716	(34,701,378)	300,479	3,381,873

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)

Six months ended June 30,	2023	2022
	\$	\$
CASH FLOWS PROVIDED BY (USED IN):		
Operating activities		
Net loss for the period	(989,208)	(352,427)
Adjustment for items not involving cash:		
Accretion expense on convertible debenture	115,288	107,991
Amortization	587,750	554,566
Loss on investments	1,367,723	1,279,226
Realized (gain) loss on digital currency	(213,361)	65,474
	868,192	1,654,830
Changes in non-cash working capital related to operations:		
Receivables	(101,441)	(147,703)
Prepaid expenses	(4,967)	(4,421)
Registry deposits	279,942	(346,833)
Prepaid domain name registry fees	(389,175)	(1,713,797)
Digital currency	(196,709)	(76,744)
Accounts payable and accrued liabilities	(556,391)	(401,444)
Customer deposits	99,151	378,059
Deferred revenue	815,314	1,135,970
Net cash provided by operating activities	813,916	477,917
Investing activities		
Sale of investments	150,626	242,875
Purchase of investments	(640,000)	(109,356)
Purchase of equipment	-	(52,407)
Net cash used in investing activities	(489,374)	81,112
Financing activity		
Distributions to non-controlling interest	(338,122)	(220,265)
Net cash used in financing activity	(338,122)	(220,265)
Foreign exchange on cash		
	189,340	(149,427)
Increase in cash during the period	175,760	189,337
Cash – beginning of the period	1,203,008	1,416,552
Cash – end of the period	1,378,768	1,605,889
Cash paid for interest	(233,359)	(232,076)
Cash paid for income tax	(351,351)	(377,846)

Supplemental cash flow information (Note 16)

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 six months ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

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. 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 six months ended June 30, 2023, the Company had a working capital deficit of \$7,758,660 and an accumulated deficit of \$34,701,378. 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. The Company’s business financial condition and results of operations may be negatively affected by economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the conflict in Ukraine to the business to be limited, the indirect impacts on the economy could negatively affect the business and may make it more difficult to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. 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 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 August 25, 2023.

(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:

NAMESILO TECHNOLOGIES CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

	Incorporated in	Status	Percentage owned	
			Jun 30, 2023	Dec 31, 2022
Netco Argentina S.A.	Argentina	Active	100%	100%
1155064 BC Ltd.	Canada	Active	100%	100%
NameSilo, LLC (“NameSilo LLC”)	USA	Active	81.5%	81.5%
NamePal.com, LLC (“NamePal”)	USA	Active	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
For the three and six months ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

(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 brand, customer relationship and goodwill and related determination of the net realizable value and write-down of these assets where applicable;
- b. Fair value for share-based compensation transactions;
- c. Fair value of investments in private companies;
- d. Estimate of indirect tax payable;
- e. Bifurcation of convertible debenture; and
- f. 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;

NAMESILO TECHNOLOGIES CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

- 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
- d. The going concern risk assessment (see note 1).

3. DIGITAL CURRENCY

The Company holds 14.02 bitcoins with a fair value of \$527,402 (USD\$398,340) as at June 30, 2023 (December 31, 2022 – 5.06 bitcoins with a fair value of \$113,234 (USD\$83,604)).

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 minimal impact on the Company's other comprehensive income and financial position. The Company uses Blockchain.info as the exchange to transact in bitcoin.

NAMESILO TECHNOLOGIES CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

4. INVESTMENTS

June 30, 2023

	Pioneering Technologies		Renoworks Software Inc.		Allur Group		Total Telecom Inc.		West Mining Corp.		Ceapro Inc.		Sensus Healthcare	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Dec 31, 2022	821,300	\$ 16,426	100,000	\$ 19,000	523,332	\$ 78,500	45,000	\$ 6,975	180,000	\$ 8,100	200,000	\$ 118,000	3,000	\$ 30,162
Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale	(821,300)	(16,231)	(100,000)	(16,953)	-	-	(45,000)	(10,650)	-	-	(126,000)	(74,656)	(3,000)	(20,571)
Gain (loss)	-	(195)	-	(2,047)	-	-	-	3,675	-	(1,800)	-	(11,524)	-	(9,591)
Balance, Jun 30, 2023	-	\$ -	-	\$ -	523,332	\$ 78,500	-	\$ -	180,000	\$ 6,300	74,000	\$ 31,820	-	\$ -

	ImmunoPrecise Antibodies		Atlas Engineered Products Ltd.		Yuansfer		Lawson West Capital Corp.		Erebus Capital Corp.		Bomb Beverages		Total
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Balance, Dec 31, 2022	560,000	\$ 3,953,600	971,079	\$ 728,309	-	\$ 63,390	445,833	\$ 350,000	1,950,000	\$ 400,000	-	\$ 32,387	\$ 5,804,849
Purchased	-	-	-	-	-	-	-	-	300,000	640,000	-	-	640,000
Proceeds from sale	(2,500)	(11,565)	-	-	-	-	-	-	-	-	-	-	(150,626)
Gain (loss)	-	(1,752,219)	-	407,853	-	-	-	-	-	(1,875)	-	-	(1,367,723)
Balance, Jun 30, 2023	557,500	\$ 2,189,816	971,079	\$ 1,136,162	-	\$ 63,390	445,833	\$ 350,000	2,250,000	\$ 1,038,125	-	\$ 32,387	\$ 4,926,500

NAMESILO TECHNOLOGIES CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

December 31, 2022

	Pioneering Technologies		Renoworks Software Inc.		Allur Group		Total Telcom Inc.		Vigil Health Solutions		West Mining Corp.	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Dec 31, 2021	821,300	\$ 36,959	100,000	\$ 46,000	523,332	\$ 78,500	45,000	\$ 5,850	362,500	\$ 184,875	180,000	\$ 20,700
Purchased	-	-	-	-	-	-	-	-	-	-	-	-
Redeemed	-	-	-	-	-	-	-	-	(362,500)	(242,875)	-	-
Gain (loss)	-	(20,533)	-	(27,000)	-	-	-	1,125	-	58,000	-	(12,600)
Balance, Dec 31, 2022	821,300	\$ 16,426	100,000	\$ 19,000	523,332	\$ 78,500	45,000	\$ 6,975	-	\$ -	180,000	\$ 8,100

	ImmunoPrecise Antibodies		Atlas Engineered Products Ltd.		Yuansfer		Lawson West Capital Corp.		Erebus Capital Corp.		Ceapro Inc.	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Dec 31, 2021	560,000	\$ 3,858,400	921,079	\$ 552,647	-	\$ 63,390	133,333	\$ 100,000	-	\$ -	-	\$ -
Purchased	-	-	50,000	28,821	-	-	312,500	250,000	1,950,000	400,000	200,000	115,170
Redeemed	-	-	-	-	-	-	-	-	-	-	-	-
Gain (loss)	-	95,200	-	146,841	-	-	-	-	-	-	-	2,830
Balance, Dec 31, 2022	560,000	\$ 3,953,600	971,079	\$ 728,309	-	\$ 63,390	445,833	\$ 350,000	1,950,000	\$ 400,000	200,000	\$ 118,000

	Sensus Healthcare		Bomb Beverages		Total
	Number	Amount	Number	Amount	
Balance, Dec 31, 2021	-	\$ -	-	\$ -	\$ 4,947,321
Purchased	3,000	54,111	-	32,387	880,489
Redeemed	-	-	-	-	(242,875)
Gain (loss)	-	(23,949)	-	-	219,914
Balance, Dec 31, 2022	3,000	\$ 30,162	-	\$ 32,387	\$ 5,804,849

The investments in Yuansfer and Bomb Beverages are SAFE investments. The Company designated the SAFEs at FVTPL. The fair value of the SAFEs, at each reporting period, is estimated using Level 3 inputs of the fair value hierarchy.

The Company holds investments where there is no quoted market price or active market for the investment. These investments are currently measured at the fair value equivalent to the fair value of the shares from the initial purchase. There are no indicators during the current or prior periods that the value of the shares might not be representative of fair value.

NAMESILO TECHNOLOGIES CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

5. EQUIPMENT

	Furniture & Equipment	Server & Domains	Total
	\$	\$	\$
Cost:			
Balance, December 31, 2021	8,517	83,919	92,436
Foreign exchange	-	5,733	5,733
Balance, December 31, 2022	8,517	89,652	98,169
Foreign exchange	-	(2,013)	(2,013)
Balance, June 30, 2023	8,517	87,639	96,156
Accumulated Amortization:			
Balance, December 31, 2021	5,269	5,170	10,439
Amortization	1,703	8,612	10,315
Foreign exchange	-	707	707
Balance, December 31, 2022	6,972	14,489	21,461
Amortization	852	4,460	5,312
Foreign exchange	-	(404)	(404)
Balance, June 30, 2023	7,824	18,545	26,369
Net Book Value:			
December 31, 2022	1,545	75,163	76,708
June 30, 2023	693	69,094	69,787

6. 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, 2022 and the six months ended June 30, 2023 are as follows:

	\$
Balance, December 31, 2021	265,048
Amortization	(172,005)
Foreign exchange	11,058
Balance, December 31, 2022	104,101
Amortization	(89,083)
Foreign exchange	(770)
Balance, June 30, 2023	14,248

7. 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, 2022 and the six months ended June 30, 2023 are as follows:

NAMESILO TECHNOLOGIES CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

	\$
Balance, December 31, 2021	3,326,088
Amortization	(952,592)
Foreign exchange	188,174
Balance, December 31, 2022	2,561,670
Amortization	(493,355)
Foreign exchange	(48,821)
Balance, June 30, 2023	2,019,494

8. 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, 2022 and the six months ended June 30, 2023 are as follows:

	\$
Balance, December 31, 2021	7,731,115
Foreign exchange	528,092
Balance, December 31, 2022	8,259,207
Foreign exchange	(185,381)
Balance, June 30, 2023	8,073,826

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 2023 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 20%, average customer growth rate of 8% per year and terminal value growth rate of 5%.

9. 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 June 30, 2023, an accrual for estimated indirect tax liabilities of \$3,945,778 (December 31, 2022 – \$4,036,376) 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.

NAMESILO TECHNOLOGIES CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

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. The current period effect of indirect tax is recognized as other expense in profit or loss.

10. DEFERRED REVENUE

Deferred revenue consists of the following as at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
	\$	\$
Current	24,701,772	23,373,999
Non-current	1,700,010	2,212,469
	26,401,782	25,586,468

The increase in the deferred revenue balance is primarily driven by payments received in advance of satisfying our performance obligations, affected by \$22,587,604 of revenue recognized during the six months ended June 30, 2023. The changes in the value of deferred revenue during the year ended December 31, 2022 and the six months ended June 30, 2023 are as follows:

	\$
Balance, December 31, 2021	24,181,640
Additions	44,162,476
Transferred to revenue	(42,757,648)
Balance, December 31, 2022	25,586,468
Additions	23,402,918
Transferred to revenue	(22,587,604)
Balance, June 30, 2023	26,401,782

Revenue consists of the following types of services for the six months ended June 30, 2023 and 2022:

	June 30, 2023	June 30, 2022
	\$	\$
Domain Services	22,587,604	20,773,640
Market Place Transactions	788,260	861,334
Other	541,851	373,420
	23,917,715	22,008,394

Costs of sales are the direct costs incurred by the Company in connection with selling an incremental product to its customers. Substantially all cost of sales relates to domain registration fees paid to the various domain registries, payment processing fees, and third-party commissions.

NAMESILO TECHNOLOGIES CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

11. CONVERTIBLE DEBENTURE

On October 19, 2021, the Company entered into a loan agreement with a third party lender (the “Lender”) whereby the Lender advanced to 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 was 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.

During the three and six months ended June 30, 2023, the Company recorded interest expense of \$117,962 and \$233,359 (2022 - \$116,679 and \$232,076) on the Loan.

The changes in the value of the convertible debenture during the year ended December 31, 2022 and six months ended June 30, 2023 are as follows:

	Liability Component (\$)	Equity Component (\$)
Balance, December 31, 2021	3,249,193	566,106
Accretion	219,571	-
Balance, December 31, 2022	3,468,764	566,106
Accretion	115,288	-
Balance, June 30, 2023	3,584,052	566,106

12. SHARE CAPITAL

(a) Authorized

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

(b) Issued

On February 23, 2022, the Company announced its intention to initiate a normal course issuer bid (“NCIB”) through the facilities of the CSE. The Company may terminate the NCIB earlier if it feels it is appropriate to do so and has appointed Canaccord Genuity Corp. to conduct the NCIB. All shares acquired will be returned to treasury and cancelled. During the year ended December 31, 2022, the Company repurchased 2,544,500 common shares, of which 1,061,000 common shares have been cancelled, at a price of \$0.16 per share for a total of \$412,331.

NAMESILO TECHNOLOGIES CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

(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:

	June 30, 2023		December 31, 2022	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of period / year	6,725,000	\$0.24	5,625,000	\$0.28
Granted	-	-	2,350,000	0.18
Expired	-	-	(1,250,000)	0.27
Balance, end of period / year	6,725,000	\$0.24	6,725,000	\$0.24

As at June 30, 2023, 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
1,300,000 ⁽¹⁾	1,300,000	\$0.35	August 8, 2023
325,000	325,000	\$0.42	September 16, 2024
2,750,000	2,750,000	\$0.22	September 17, 2027
2,350,000	2,350,000	\$0.18	October 25, 2027
6,725,000	6,725,000		2.91 years remaining

(1) These stock options expired unexercised subsequent to June 30, 2023.

On October 25, 2022, the Company granted a total of 2,350,000 stock options to its officers, directors, employees and consultants. The options are exercisable at a price of \$0.18 per share for a period of five years from the date of grant. The options vested immediately. The

NAMESILO TECHNOLOGIES CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

fair value of the options granted was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions: share price at the time of issuance \$0.18; risk-free interest rate of 3.52%; expected life of 5 years; dividend yield of 0%; forfeiture rate of 0% and annualized volatility of 61%.

For the three and six months ended June 30, 2023, \$nil and \$nil (2022 - \$nil and \$nil) has been recorded as share-based payment relating to options granted during the period.

(d) Warrants

	June 30, 2023		December 31, 2022	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of period / year	-	\$ -	16,107,475	\$0.30
Expired	-	-	(16,107,475)	0.30
Balance, end of period / year	-	\$ -	-	\$ -

As at June 30, 2023, the Company has no share purchase warrants outstanding.

13. DISTRIBUTIONS FROM NAMESILO LLC

In February, March, July and October 2022, NameSilo LLC made cash distributions to all its members. The total amount of distributions made to the 18.5% non-controlling interest were \$450,785 (US\$346,464) during the year ended December 31, 2022.

In January, May and June 2023, NameSilo LLC made cash distributions to all its members. The total amount of distributions made to the 18.5% non-controlling interest were \$338,122 (US\$250,888) during the six months ended June 30, 2023.

14. RELATED PARTY TRANSACTIONS

The aggregate amount of expenditures made to parties not at arm's length to the Company for the three and six months ended June 30, 2023 and 2022 are:

	Three months ended		Six months ended	
	2023	June 30, 2022	2023	June 30, 2022
	\$	\$	\$	\$
Professional fees	43,582	34,417	70,280	60,911
Management fees	90,000	90,000	180,000	180,000
	133,582	124,417	250,280	240,911

NAMESILO TECHNOLOGIES CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

During the three and six months ended June 30, 2023, Paul Andreola, President and Director was paid or accrued management fees of \$45,000 and \$90,000 (2022 - \$45,000 and \$90,000), Colin Bowkett, Director was paid or accrued management fees of \$45,000 and \$90,000 (2022 - \$45,000 and \$90,000), and Malaspina Consultants Inc., a company in which Natasha Tsai, Chief Financial Officer is a shareholder, was paid or accrued professional fees of \$43,582 and \$70,280 (2022 - \$34,417 and \$60,911).

Included in accounts payable and accrued liabilities at June 30, 2023 is \$23,105 (December 31, 2022 - \$2,894) 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 six months ended June 30, 2023 and 2022.

15. 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 June 30, 2023, the Company's financial instruments include cash and cash equivalents, receivables, registry deposits, investments, accounts payable and accrued liabilities, customer deposits, and convertible debenture. Receivables, registry deposits, accounts payable and accrued liabilities, and customer deposits, convertible debenture are recognized on the consolidated statement of financial position at their carrying values which approximated their fair value.

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.

NAMESILO TECHNOLOGIES CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

June 30, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 1,378,768	\$ -	\$ -	\$ 1,378,768
Investment - shares	\$ 3,364,098	\$ 1,388,125	\$ 78,500	\$ 4,830,723
Investment – SAFE	\$ -	\$ -	\$ 95,777	\$ 95,777
December 31, 2022				
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 1,203,008	\$ -	\$ -	\$ 1,203,008
Investment - shares	\$ 4,880,572	\$ 750,000	\$ 78,500	\$ 5,709,072
Investment – SAFE	\$ -	\$ -	\$ 95,777	\$ 95,777

16. SUPPLEMENTAL CASH FLOW INFORMATION

The following changes in liabilities arose from financing activities:

	December 31, 2022	Cash Flows	Bifurcation to Equity	Accretion	Foreign exchange movements	June 30, 2023
	\$	\$	\$	\$	\$	\$
Convertible debenture	3,468,764	-	-	115,288	-	3,584,052

	December 31, 2021	Cash Flows	Bifurcation to Equity	Accretion	Foreign exchange movements	March 31, 2022
	\$	\$	\$	\$	\$	\$
Convertible debenture	3,249,193	-	-	53,554	-	3,302,747

The following is a breakdown of cash and cash equivalents:

	June 30, 2023	December 31, 2022
	\$	\$
Cash	1,367,268	1,191,508
Cash equivalents	11,500	11,500
	1,378,768	1,203,008

NAMESILO TECHNOLOGIES CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

17. CONTINGENCY

NameSilo LLC and NamePal were named defendants in a lawsuit. The plaintiff filed a complaint against certain websites and numerous domain registrars, including NameSilo LLC and NamePal, alleging that false and defamatory language was posted on these websites registered by the related domain registrars. NameSilo and NamePal are not the owners and operators of the websites therefore have no control on the contents to be posted on the websites. No loss provision has been recorded because management believes the claim to be frivolous towards the Company and without merit. There is no individual amount claimed by the plaintiff against each individual defendant.