NAMESILO, LLC
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Unaudited – Expressed in United States Dollars)

NOTICE OF NO AUDITOR REVIEW OF 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 consolidated financial statements as at and for the years ended December 31, 2018 and 2017.

NAMESILO, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in United States Dollars)

	Note	December 31, 2018 $	December 31, 2017 $
Assets			
Current assets			
Cash and cash equivalents		627,207	386,533
Registry deposits		2,612,098	1,711,827
Prepaid domain name registry fees, current portion		8,474,700	4,769,600
Digital currency – held for distribution to members	**5**	-	4,168,613
		11,714,005	11,036,573
Prepaid domain name registry fees, long-term portion		423,661	593,994
Digital currency	**5**	85,281	-
Total assets		12,222,947	11,630,567
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		392,085	159,755
Customer deposits		641,713	345,083
Deferred revenue, current portion		10,130,648	5,541,166
Distribution payable	**9**	-	1,079,443
		11,164,446	7,125,447
Deferred revenue, long-term portion		426,178	660,147
		11,590,624	7,785,594
Members' capital			
Members' capital		403,700	403,700
Accumulated other comprehensive (loss) income		(9,818)	3,876,493
Retained earnings (accumulated deficit)		238,441	(435,220)
		632,323	3,844,973
Total liabilities and members' capital		12,222,947	11,630,567

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

NAMESILO, LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
For the years ended December 31, 2018 and 2017
(Unaudited – Expressed in United States Dollars)

	Note	2018 $	2017 $
Revenue		13,459,075	8,071,840
Cost of sales		11,599,947	7,208,398
Gross profit		1,859,128	863,442
Expenses			
Consulting fees	**10**	231,535	321,301
Dues and subscriptions		8,334	5,932
Hosting fees	**10**	24,034	35,884
Office and general		508,848	27,418
Professional fees		67,031	37,668
		839,782	428,203
Net income for the year		1,019,346	435,239
Other comprehensive (loss) income			
Digital currency revaluation	**5**	(3,377,363)	5,070,300
Comprehensive (loss) income for the year		(2,358,017)	5,505,539

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

NAMESILO, LLC
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' CAPITAL
(Unaudited – Expressed in United States Dollars)

	Members' Capital $	Accumulated Other Comprehensive Income (Loss) (Note 5) $	Retained Earnings (Accumulated Deficit) $	Total $
Balance, December 31, 2016	**403,700**	**175,930**	**48,062**	**627,692**
Net income for the year	-	-	435,239	435,239
Digital currency revaluation	-	5,070,300	-	5,070,300
Realized gain on digital currency		(1,369,737)	1,369,737	-
Distribution paid	-	-	(2,288,258)	(2,288,258)
Balance, December 31, 2017	**403,700**	**3,876,493**	**(435,220)**	**3,844,973**
Net income for the year	-	-	1,019,346	1,019,346
Digital currency revaluation	-	(3,377,363)	-	(3,377,363)
Realized gain on digital currency	-	(508,948)	508,948	-
Distribution paid	-	-	(854,633)	(854,633)
Balance, December 31, 2018	**403,700**	**(9,818)**	**238,441**	**632,323**

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

NAMESILO, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(Unaudited – Expressed in United States Dollars)

	2018 $	2017 $
Operating activities:		
Net income for the year	1,019,346	435,239
Changes in non-cash working capital related to operations:		
Registry deposits	(900,271)	(913,991)
Digital currency	(149,188)	12,603
Prepaid domain name registry fees	(3,534,767)	(1,765,858)
Accounts payable and accrued liabilities	232,330	87,275
Customer deposits	296,630	137,761
Deferred revenue	4,355,513	2,087,471
Net cash provided by operating activities	1,319,593	80,500
Financing activities:		
Distribution paid	(1,078,919)	-
Net cash used by financing activities	(1,078,919)	-
Change in cash and cash equivalents during the year	240,674	80,500
Cash and cash equivalents – beginning of the year	386,533	306,033
Cash and cash equivalents – end of the year	627,207	386,533

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

1. NATURE OF OPERATIONS

NameSilo, LLC (the "Company") is a limited liability company incorporated in the United States of America with limited liability under the legislation of the State of Arizona. The Company is a provider of domain name registration services and marketplace services for the buying and selling of domain names.

These 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.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, NameSilo Canada Inc., incorporated in the Province of Ontario on February 9, 2017.

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, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

(d) Functional and presentation currency

These consolidated financial statements are presented in United States dollars, which is the functional currency of the Company and its subsidiary.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 estimates and judgements made in the preparation of these consolidated financial statements include, but are not limited to, the following areas, with further information contained in the applicable accounting policy or note:

Functional currency
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.

Digital currency
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.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Company.

(a) Foreign currency

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Any foreign currency gains or losses are recognized in net income (loss) for the period.

(b) Financial instruments

Recognition and classification

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income.

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and cash equivalents that are readily convertible into cash and which are subject to insignificant risk of changes in value.

(d) Registry deposits

Registry deposits represent amounts on deposit with, or receivable from, various domain name registries to be used by the Company to make payments for future domain registrations or renewals.

(e) Prepaid domain name registry fees

Prepaid domain name registry services fees represent amounts paid to registries, and country code domain name operators for updating and maintaining the registries. Domain name registry fees are recognized on a straight-line basis over the life of the contracted registration term.

(f) Digital currency

The Company accepts digital currencies as a form of payment as consideration for their services. Revenue is measured based on the fair value of the digital currencies received. The fair value is determined using the spot price of the digital currency on the date of receipt, based on Blockchain.info.

The Company has classified its digital currencies as indefinite life intangible assets. The Company is using the re-valuation model to account for the digital currencies if there is an active market for their digital currencies and a significant value of daily transactions and a determinable market price for the digital currencies.

The digital currencies are recorded on the consolidated statement of financial position at their fair value and re-measured at each reporting date. Revaluation gains or losses are recognized in other comprehensive income. Realized gains and losses are transferred from accumulated other comprehensive income to retained earnings.

(g) Impairment of non-financial assets

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (“CGU”). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves. An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a CGU allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(h) Customer deposits

Customer deposits are collections and credits from customer that can be redeemed for services offered by the Company.

(i) Deferred revenue

Deferred revenue primarily relates to the unearned portion of revenues received in advance related to the unexpired term of registration fees from domain name registrations.

(j) Revenue recognition

Revenue is recorded when persuasive evidence of an arrangement exists, delivery of the product or service has occurred, the selling price is fixed or determinable and collectability is reasonably assured. Control of the promised product or service is transferred to customers in an amount reflecting consideration we expect to be entitled to for such purchases.

The Company's revenues are derived from domain name registration fees and the sales of domain names. Amounts received in advance of meeting the revenue recognition criteria described below are recorded as deferred revenue. We have determined that our contracts do not include a significant financing component.

Domain services
The Company earns registration fees in connection with each new, renewed and transferred-in registration. Service has been provided in connection with registration fees once the Company has confirmed that the requested domain name has been appropriately recorded in the registry under contractual performance standards.

Domain names are generally purchased for terms of one to ten years. Registration fees charged for domain name registration and provisioning services are recognized on a straight-line basis over the life of the contracted term.

For arrangements with multiple deliverables, the Company allocates revenue to each deliverable if the delivered item(s) has value to the customer on a standalone basis and, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Company. The fair value of the selling price for a deliverable is determined using a hierarchy of (1) Company specific objective and reliable evidence, then (2) third-party evidence, then (3) best estimate of selling price. The Company allocates any arrangement fee to each of the elements based on their relative selling prices.

Commissions
If the Company acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognized is the net amount of commission made by the Company.

4. CHANGES IN ACCOUNTING POLICIES

The Company adopted the following new standards and interpretations issued by the IASB effective January 1, 2018. The adoption of these standards had no impact on the Company's consolidated financial statements.

IFRS 9	*Financial Instruments: Classification & Measurement*
IFRS 15	*Revenue from Contracts with Customers*
IFRS 2 (Amendment)	*Clarification of Classification & Measurement of Share-Based Payment Transactions*

The following standards and interpretations have been issued but are not yet effective. The Company plans to adopt these standards as soon as they become effective for the Company's reporting period. The extent of the impact of adoption has not yet been determined.

Effective annual periods beginning on or after January 1, 2019:	
IFRS 16	*Leases*

(Unaudited – Expressed in United States Dollars)

5. DIGITAL CURRENCIES

The Company has the following digital currencies:

	2018		2017	
	#	Fair Value	#	Fair Value
Bitcoin	22	$ 85,281	247	$ 3,419,742
Bitcoin Gold	-	-	319	-
Bitcoin Cash	-	-	316	748,871
		$ 85,281		$ 4,168,613

The Company has recorded re-valuation (losses) gains in other comprehensive (loss) income of:

2018	$(3,377,363)
2017	$ 5,070,300

The Company also recorded a realized gain on disposition and transferred from accumulated other comprehensive income to retained earnings $508,948 during 2018 (2017 - $1,369,737).

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.

The Company transferred all the digital currencies held at December 31, 2017 to the members as a distribution during the year ended December 31, 2018. The digital currencies were recorded as an asset held for distribution to the members and classified as a current asset as at December 31, 2017.

6. FAIR VALUE MEASUREMENT

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 December 31, 2018, the Company's financial instruments include cash and cash equivalents and accounts payable and accrued liabilities. Cash and cash equivalents and accounts payable are recognized on the statement of financial position at their carrying value which approximated their fair value due to their short-term nature.

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).
The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

(Unaudited – Expressed in United States Dollars)

December 31, 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Cash and cash equivalents	627,207	-	-	627,207
	627,207	-	-	627,207

December 31, 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Cash and cash equivalents	386,533	-	-	386,533
	386,533	-	-	386,533

7. FINANCIAL RISK MANAGEMENT

(a) Overview

The Company's activities expose it to a variety of financial risks that arise as a result of its activities such as market risk, credit risk, and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

Management establishes and executes the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

a. Interest rate risk
The Company's cash and cash equivalents is held in bank accounts and due to the short-term nature of these financial instruments, fluctuations in market interest rates do not have significant impact on the fair value as at December 31, 2018.

The Company's sensitivity to interest rates is currently immaterial due to the short-term maturity of its monetary assets and liabilities.

b. Foreign currency risk
Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

As at December 31, 2018, the Company did not hold any financial assets or liabilities in foreign currencies.

c. Other price risk
Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

(Unaudited – Expressed in United States Dollars)

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents are exposed to credit risk. The credit risk on cash and cash equivalents is considered small because the majority of funds have been placed with accredited US financial institutions.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet liabilities when due.

8. CAPITAL MANAGEMENT

The Company considers its capital structure to include working capital and members' capital. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company is reasonable.

The Company is not subject to any external capital restrictions and the Company did not change its approach to capital management during the period.

9. MEMBERS' CAPITAL

In December 2017, the Company's members agreed to distribute digital currency to its members as a non-cash distribution. The distribution was measured at the fair value of the digital currency agreed to be distributed ($2,417,631). A distribution of $1,208,815 was made in December 2017 and a further $1,208,816 distribution payable was recorded. Due to a decline in value at December 31, 2017 of the digital currency to be distributed the distribution payable and the distribution paid recorded in the statements of changes in members' capital were reduced by $129,373.

10. RELATED PARTY TRANSACTIONS

The aggregate amount of expenditures made to parties not at arm's length to the Company for the years ending December 31, 2018 and 2017 are:

	Year ended December 31,	
	2018	**2017**
	$	**$**
Consulting fees to a related company owned by a former member	231,535	321,301
Hosting fees to a related company owned by a former member	19,800	19,900
	251,335	341,201

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 years ended December 31, 2018 and 2017.

11. SEGMENTED REPORTING

The Company operates in a single reporting segment, domain services.

During the years ended December 31, 2018 and 2017, no customer accounted for more than 10% of total revenue.

The Company operates in a single geographic region, the United States of America, because it is impracticable to determine the country of the customer.