

Tokens.com Publishes a Letter to Shareholders Regarding its Near Zero-Energy Consumption Crypto Business

TORONTO, ONTARIO, May 26, 2021 - Tokens.com Corp. (NEO: COIN) (FSE: 76M) ("Tokens.com" or the "Company") publishes a letter to shareholders regarding the Company's business model, particularly as it relates to energy consumption.

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Dear shareholders:

Our management team has operated in the blockchain and capital markets for many years, having held senior executive roles at Hut 8, Goldman Sachs, Galaxy Digital and Fidelity. With that comes invaluable expertise, but also a level of comfort in using industry jargon and concepts unique to the Blockchain space. We want to take a moment to simplify what we do and highlight some of the exciting opportunities ahead through ongoing messages from management that we hope you'll find informative. Today we are releasing the first part of this series, which covers the important topic of energy use in the crypto space and how our business uses a process that accomplishes the same thing with near zero energy consumption.

Part I

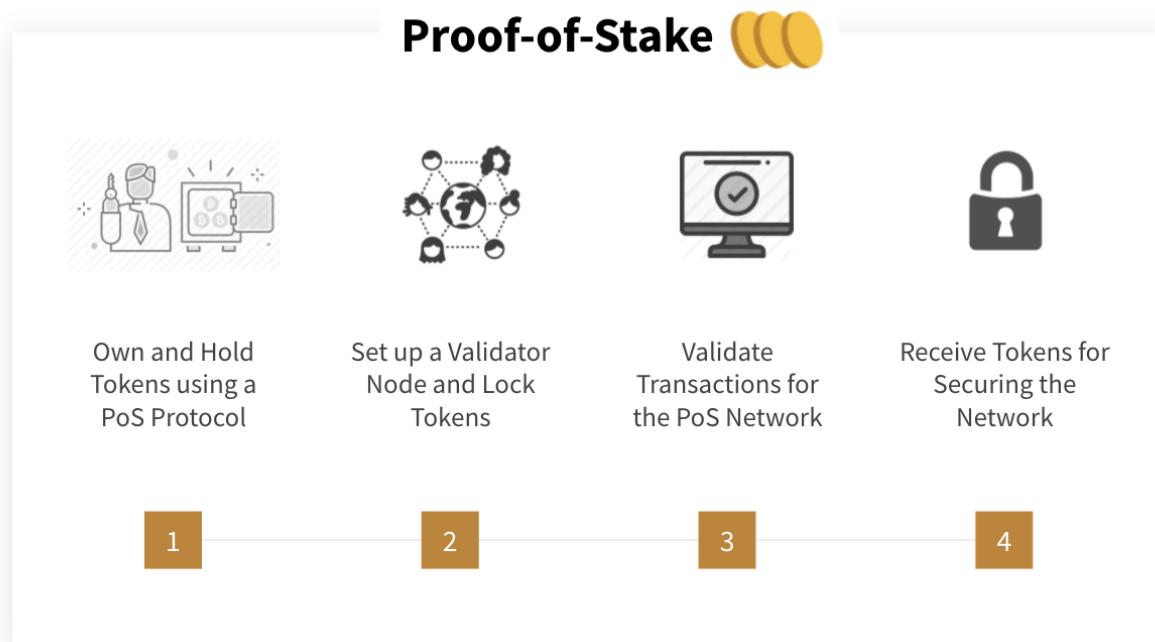
Mining Cryptocurrency is an Energy-Intensive Business. But it doesn't have to be.

Blockchains are public ledgers maintained on the cloud that are accessible by anyone that wants to see it. Every time a transaction is performed, it is grouped with other transactions into a virtual *block* and added (or *chained*) to blocks that contain every other transaction ever performed on that platform - thus, the name Blockchain.

Blockchain technology enables peer-to-peer transactions without a central point of authority. This is why blockchains are often called decentralized. Instead of a centralized point of authority, like a bank, outside parties perform the work that allows transactions to take place. These outside parties are rewarded through payment in digital assets (cryptocurrencies).

Tokens.com is one of the outside parties that utilizes Blockchain technology to process and validate transactions for digital assets. As there are no centralized authorities or banks in a Blockchain, the networks rely on providers like us to make their platforms reliable and to make

sure transactions are added to the Blockchain. For example, when one person sends an ETH (the token native to the Ethereum network) to another person, the network needs a way to monitor that transaction, make sure it follows the rules of the network, and that the transfer is successfully completed and added to the Blockchain. The network, in this case Ethereum, compensates third parties (like Tokens.com) to perform this work - and payment is made to us in additional ETH tokens. That is how Tokens accumulates additional digital assets for its work.



Staking Accomplishes More While Consuming Less

Traditionally, crypto miners provided this validation service. However, crypto mining technology is 12 years old. It can't process many transactions per second and requires a tremendous amount of specialized hardware and energy consumption. At Tokens.com, we use a next-generation process to validate digital asset transactions. This process is called Proof-of-Stake or Staking and it does not require the intensive energy consumption that crypto mining is reliant upon. We perform the same work as a crypto miner, have a similar compensation structure, but we do it in a more energy-efficient, environmentally friendly way through Staking.

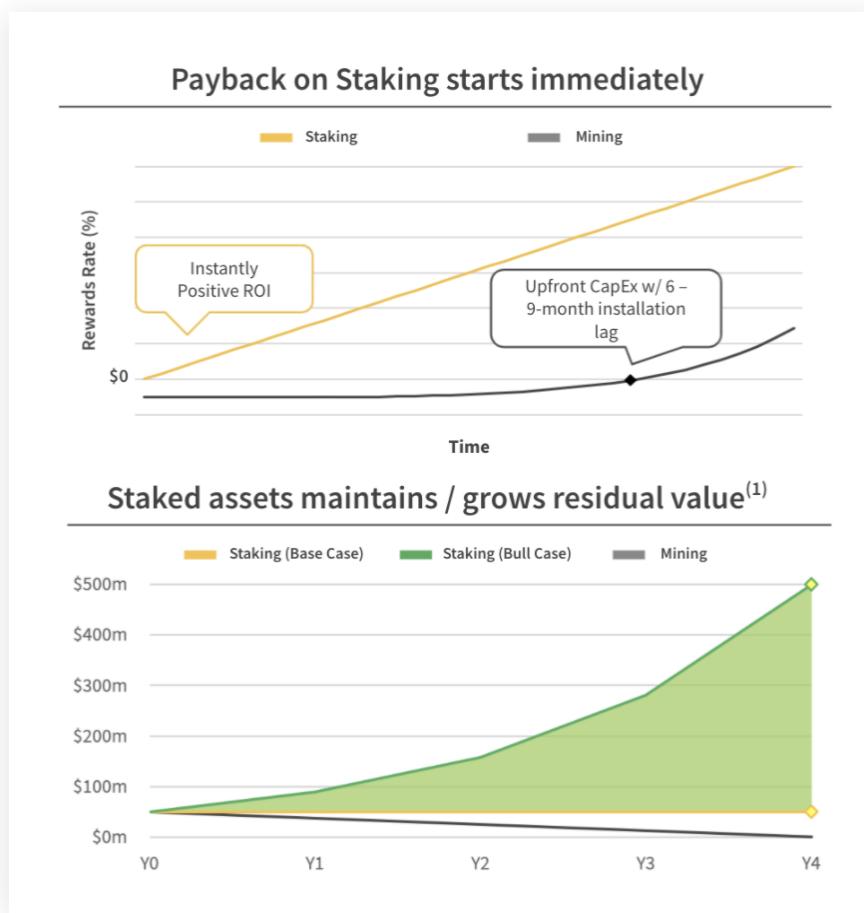
This is why Ethereum, the second largest crypto asset with a market value of about \$300 billion, is aiming to make the bold move to transfer its entire platform to Staking in the next few years. Not only is Staking estimated to use 99.95% less energy than crypto mining⁽²⁾, it also allows for faster processing of more transactions per second. We believe this will eliminate the bottlenecks created by the limited throughput of crypto mining and **reduce the Ethereum carbon footprint to nearly zero**.

Instead of validating a blockchain through intensive energy consumption, Proof-of-Stake achieves consensus through the ownership of Staking tokens. Through ownership of the digital asset for the blockchain we are validating, we are granted votes (validation rights) to decide which transactions should be approved and added to the Blockchain. For providing this service, we are paid in additional digital assets. As we accumulate more digital assets, we expect Staking to become more profitable. That's because when we own more of the network, we expect to validate more transactions to reach a consensus, and therefore receive a greater portion of the payment to the network for Staking, also called Staking rewards.

Think of it as owning shares in a company paying a dividend. The more shares you own, the greater the aggregate dividend you receive. Similarly in Staking, the more digital assets we use to Stake, the greater the aggregate compensation we receive. This incentivizes us to build our operations by purchasing and Staking more digital assets. We note however, that receiving a dividend is a passive activity. Staking requires work and is essential to the operation of a Blockchain.

We are capturing a larger slice of the pie and the size of the pie is growing.

We believe our model is unique. Investors can benefit from the same rewards and compensation as investors in a crypto miner. In addition, our investors gain exposure to the digital assets we buy and use as tools for Staking. In contrast, a crypto miner's equipment depreciates rapidly. We are on the forefront of innovation. We believe our model provides our investors with additional upside that miners can't provide. All this is all done in an environmentally friendly way that miners can't compete with. This is why we've attracted investments from blockchain industry leaders such Bitbuy, First Block Capital, HIVE Blockchain Technologies, PowerOne Capital Group, Matthew Roszak (the co-founder and Chairman of Bloq), and Olaf Carlson-Wee (the founder and CEO of Polychain Capital).



(1) Base case assumes no change in value of underlying digital assets and average 13% average Staking returns
(2) <https://blog.ethereum.org/2021/05/18/country-power-no-more/>

About Tokens.com

Tokens is a Blockchain technology company that provides transaction processing and validation services for various digital assets that power Decentralized Finance (DeFi) applications and Non-Fungible Token (NFT) platforms. Tokens utilizes Proof-of-Stake ("PoS") or Staking technology. DeFi is a new class of financial applications that provides users with automated and transparent financial services, such as borrowing and lending, without the need for financial institutions. NFTs are redefining how art, gaming, music and collectibles are created, valued and traded. Management believes that as mainstream adoption for DeFi and NFT applications grow, the need for Tokens.com's Staking services will commensurately increase.

Tokens has agreements with industry leaders, Polychain Labs, Bison Trails, Staked and Coinbase Custody, to manage its staking operations and provide custodial services. Tokens'

management team includes seasoned blockchain and financial professionals with prior experience at Hut 8 Mining, Fidelity Investments, Galaxy Digital and Goldman Sachs. Tokens was formed in collaboration with Polychain Labs, an affiliate of Polychain Capital, which is one of the largest cryptocurrency venture capital firms in Silicon Valley. Current investors include Bitbuy Limited, First Block Capital, HIVE Blockchain Technologies Ltd., PowerOne Capital Group, Matthew Roszak (the co-founder and Chairman of Bloq, Inc.), and Olaf Carlson-Wee (the founder and CEO of Polychain Capital).

The Company's common shares are listed under the symbol "COIN" on the NEO Exchange and as "76M" on the Frankfurt Stock Exchange.

Further information can be found on the Company's website: Tokens.com.

Keep up-to-date on Tokens.com developments and join our online communities at [Twitter](#), [LinkedIn](#), and [YouTube](#).

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FORWARD-LOOKING STATEMENT DISCLAIMER

Certain statements in this news release have been derived from third party sources and have not been independently verified by the Company. In addition, this news release contains forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws. All statements, other than statements of historical facts, are forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved". Forward-looking statements in this news release include statements regarding the expected reduction in energy usage from proof-of-stake; the expected conversion of Ethereum to Staking and the resulting impact on the

Ethereum carbon footprint; management's determination of the base case scenario annualized yields of staking rewards, return on investment (ROI) and payback on staking rates as shown in the diagram above; and management's belief that the Company's model is unique and provides investors with an upside that crypto miners cannot compete with. Forward looking statements involve risks, uncertainties and other factors, that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements, including that: the Company's yields from Staking may not continue at the levels expected, and actual yields may be less than scenario-projected; migration of Ethereum to Staking may be delayed or may not occur at all; the Company's annual compensation percentage is volatile and could materially decline; expected energy consumption benefits with Staking as compared to crypto mining may be less than anticipated; competition or other factors may diminish Staking claims; the Company's cryptoasset inventory may be materially reduced in value as a result of flaws in the cryptoasset code or malicious actors; market adoption of blockchain may be slower than expected; the Company may be unable to raise financing needed to continue its business on terms expected or at all; the Company's business is subject to cybersecurity risks, including risk of loss, theft or destruction of its cryptoassets; and regulatory changes may impact the Company's ability to conduct its business as currently conducted, as well as other factors beyond the Company's control, and those risk factors included under the heading "Risk Factors" in the Company's filing statement dated April 22, 2021, which is available under the Company's profile at www.sedar.com. Although the Company believes that the assumptions and factors used in preparing these forward-looking statements are reasonable based upon the information currently available to management as of the date of this release, actual results and developments may differ materially from those contemplated by these statements. Readers are therefore cautioned not to place undue reliance on these statements, which only apply as of the date of this release. The forward-looking statements in this news release are made only as of the date of this release and the Company does not undertake any obligation to update any forward-looking statements, except as required by applicable securities laws.