

Tokens.com Publishes a Letter to Shareholders Regarding its Staking Operations Powering the Next Generation of Finance

TORONTO, ONTARIO, June 3, 2021 - Tokens.com Corp. (NEO: COIN) (FSE: 76M) (“Tokens.com” or the “Company”), 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, is pleased to share Part II of its letters to shareholders series regarding the Company’s business model, particularly as it relates to the blockchains that are powering opportunities in the next generation of finance.

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Dear shareholders:

As part of our ongoing series from management, we’re pleased to share Part II today on the opportunity to support the next generation of finance through staking and the role played by Tokens.com. Please refer to our website to revisit past letters, including the first of this series published last week on our near zero energy consumption business model.

Part II

DeFi is the Most Exciting Thing Happening in Finance and in Blockchain

Decentralized Finance or DeFi, refers to digital platforms that allow consumers to perform financial transactions with each other without the use of banks. This is accomplished using blockchain technology. The most popular DeFi uses are lending, borrowing and trading. The sector is currently booming with over \$80 billion⁽¹⁾ locked in DeFi applications and, as of the end of Q1 2021, there were 1.75 million estimated users⁽²⁾.

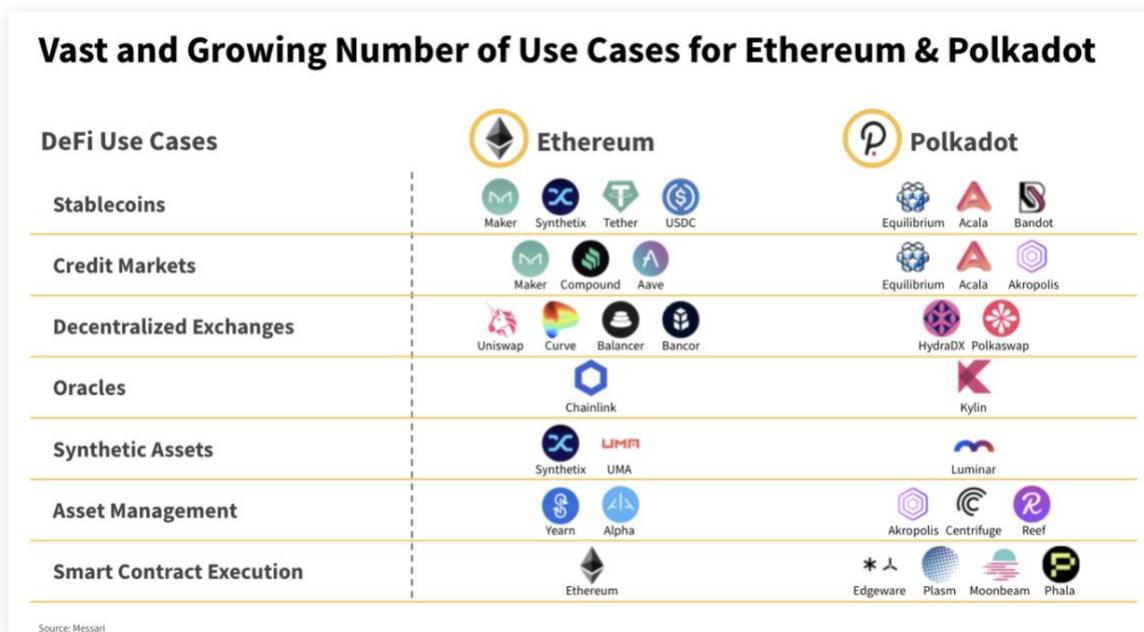
The advantages of using DeFi instead of traditional banks are numerous, including it being more reliable, less costly and faster than outdated banking platforms. For example, if you have ever sent money abroad via the SWIFT system that banks belong to, you are aware that it is slow and expensive. Banks dominate the borrowing and lending of capital. They charge high fees to borrow and pay near zero interest on deposits. DeFi solves these issues.

The deposit rates in DeFi are far higher than what is offered at a bank, typically reaching 8% or higher. Individuals can also borrow off these platforms instantaneously by using crypto assets as collateral. The volume and user numbers continue to grow at an astonishing pace every month as new consumer finance applications are brought to market.

DeFi Use Cases	Total Market Size
Lending	\$6.8tr
Payments	\$1.9tr
Insurance	\$5.6tr
Exchanges & Market Making	\$35.6bn

What role does Tokens.com play and why?

The most popular DeFi platforms, such as Aave and Uniswap, are built on the Ethereum blockchain and require ETH, Ethereum’s digital asset, to operate. Ethereum is programmable and ideal for operating robust, next-generation apps that require high throughput like DeFi, which trades billions of dollars daily. It is this functionality that makes highly-programmable blockchains like Ethereum not only popular - but also valuable.



Blockchains like Ethereum require third parties, like Tokens.com, to validate its transactions. As such, each time a DeFi transaction occurs on Ethereum, the DeFi application pays fees to the

Ethereum network, which then pays fees to transaction processors, like Tokens.com. Ethereum is currently a Proof-of-Work Blockchain (where miners validate transactions) - but is in the process of migrating to Proof-of-Stake (where staking firms like Tokens.com validate transactions).

DeFi platforms are consumer-facing financial interfaces that require blockchain technology and Crypto Stakers (the transaction processors) to operate. The blockchains act like digital highways allowing DeFi transactions to move. Crypto Stakers, like us, are the toll booths that ensure the transactions are safe and then let them proceed. Tokens.com's service is unseen at the consumer level, but our service is the necessary infrastructure that allows transactions to occur. DeFi applications, the blockchain highway and the Crypto Stakers are intertwined and each one integral to how blockchain technology functions. This is essential to how Tokens.com generates its revenue and selects the blockchains it stakes.

How we choose which Blockchains To Stake

We have conviction that DeFi will become a trillion dollar market. Tokens.com looks at which DeFi applications are most widely used and which blockchains they are built on. We also conduct thorough due diligence before we stake a blockchain, looking at their staking returns, market cap and sponsorship. While we evaluate dozens of blockchains, we believe that Ethereum 2.0, Polkadot and Binance Coin are widely used and positioned to capitalize on the growing DeFi market.

Simply, we choose to stake blockchains that are linked to fast-growing sectors, like DeFi. DeFi is recreating the entire financial system. That's where we see a high volume of transactions that need our services. The more transactions we process, the more revenue we earn.

We feel that despite the current volatility, the digital assets we are staking are linked to long-term growth sectors and will show greater resilience. We believe it's not about timing the market. It's about time in the market. Our staking assets, like Ethereum 2.0, are shaping the future of finance, which is why we think they'll also provide outsized staking returns and appreciation for our investors.

(1) <https://coinmarketcap.com/view/defi/>

(2) <https://consensys.net/reports/defi-report-q1-2021/>

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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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 growth and adoption of Decentralized Finance (DeFi); the expected conversion of Ethereum to Staking; 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: 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; 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.