

Tokens.com Announces Q2 2021 Financial Results

TORONTO, ONTARIO, August 13, 2021 - Tokens.com Corp. (NEO Stock Exchange Canada: COIN) (Frankfurt Stock Exchange: 76M) ("Tokens.com" or "the Company") is a publicly traded company that uses shareholder capital to purchase digital assets used for crypto staking and Decentralized Finance (DeFi). The company is one of the largest Proof-of-Stake technology companies as measured by operating assets and market capitalization. The Company today announces its financial results for the second quarter ending June 30, 2021 ("Q2 2021"). All amounts in this news release are unaudited and, unless otherwise indicated, are in US dollars.

An investor call has been scheduled to discuss the Company's Q2 2021 financial results, hosted by CEO Andrew Kiguel starting at 10:00 am ET on August 13, 2021.

Date: August 13, 2021
Time: 10:00 a.m. ET
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Q2 2021 Highlights:

- Closed \$19.8 (CAD\$25) million subscription receipt offerings and received the proceeds on April 28th.
- Closed a reverse-takeover transaction with COIN Hodl Inc. Began trading on the NEO Stock Exchange on April 30th at CAD\$0.75 per share.
- Dual listing on Frankfurt Stock Exchange on May 6th.
- Announced New Board Member, Emma Todd on May 12th.
- Successful deployment of funds from the capital raise to purchase additional digital assets and fully deploy them into staking by June. This added to the existing inventory of assets acquired in Q1 and in 2020.
- Establishment of a \$2 million loan facility with Genesis Global Trading on June 29th.
- Non-cash loss to reflect revaluation of assets at the end of June, the bottom of the crypto correction.

Tokens successfully achieved many goals in Q2, including going public. However, the quarter was impacted by some non-recurring events that aren't reflective of Tokens.com's normal operations. First, proceeds from our \$19.8 million fund raise were only received and deployed well into the quarter. Thus, Q2 revenue shows only partial deployment and does not reflect what a full quarter of staking would look like. Second, there were several one-time, non-recurring expenses related to the listing process and the financing. With those events behind us, we would expect our expenses to drop significantly in Q3. Last, there was a deep correction in cryptocurrencies whose bottom coincided with the end of the quarter when we mark-to-market our digital assets. That resulted in a non-cash loss attributed to the cyclical nature of cryptocurrencies and the timing of our quarter end. Tokens.com uses its digital assets to generate revenue. However, the value of those assets are impacted positively and negatively, depending on the performance of the cryptocurrencies we own.

"Q2 is not reflective of normal operations for Tokens.com and was impacted by the timing of our financing, costs associated with our Canadian listing and the crypto correction which saw most crypto assets drop by 60%. Those factors should not detract from Tokens.com establishing a major staking platform that is positioned for growth. Thus far in Q3, the crypto market has rebounded since June 30th, reversing almost the entire non-cash loss from Q2. We continue to grow our digital assets, grow our revenue and position ourselves for the coming bull market in crypto." commented CEO Andrew Kiguel. "In addition, our platform is not only generating strong staking revenues but also compounding them daily providing additional growth that will be reflected in Q3." added Kiguel.

Q2 2021 Overview

The management team at Tokens.com achieved several milestones in Q2. Our financing and public listing at CAD\$0.75 per share closed on April 28, 2021 and April 30, 2021, respectively. Tokens.com also achieved a dual listing on the Frankfurt Stock Exchange and added Emma Todd to the board of directors.

The company was successful in deploying proceeds from its Q2 financing to purchase digital assets (that were added to its existing inventory from purchases made in Q1 and in 2020) and had those fully staked by June. This was not an overnight task and it took several weeks to complete the deployment. As such, our financial figures in Q2 are not representative of what a full quarter would look like. June was the only month in the quarter with full staking deployment. In addition, there were several one-time costs related to the listing process that were incurred in Q2 that won't impact future quarters. Management expects Q3 to be more reflective of

Tokens.com's operations without one-time expenses and a full quarter of operations.

We also spent significant efforts in systematizing and streamlining our staking operations – which will enable us to acquire and stake additional digital assets at scale without additional operational overhead. Tokens.com's average cost of staking was 5.6%. We believe this is efficient and far below the industry average cost of up to 25%. This also reinforces our strategy of outsourcing our staking activities in the near term as the company grows.

The company also successfully navigated through a volatile May and June. Q2 of 2021 was marked by all-time highs for cryptocurrencies in May followed by a dramatic correction in crypto markets that bottomed at the end of June. This definitely had an impact on our share price as we are closely linked to what happens in the crypto markets. The correction was partially driven by concerns around the energy used by traditional crypto mining operations. This had a real effect around the public's sentiment around cryptocurrencies being environmentally harmful. However, an important development from this was increased awareness around staking and that it is far more environmentally friendly and energy efficient, which was highlighted in a J.P. Morgan report. ESG conscious investors are now positively turning their attention to PoS and staking. Specifically, to ETH – our largest digital asset by value – which is transitioning its entire network to PoS. J.P. Morgan also estimated that the size of the staking rewards in 2021 are \$9 billion and growing to \$40 billion by 2025, this being supercharged with the growth of ETH as a driver for DeFi applications. DeFi users have deposited as much as \$100 billion into various financial services performed on the blockchain. Management believes that the uses and users for DeFi will continue to boom and consequently require stakers like Tokens.com to support and secure their platforms.

For accounting purposes, Tokens.com marks-to-market its digital asset inventory at the end of every quarter. In the case of Q2, that mark-to-market coincided with the bottom of the crypto market correction. The revaluation of the inventory resulted in a non-cash loss of \$9.5 million to be recorded in Q2. While the number is steep, it is a non-cash value of our inventory at the lowest part of the crypto correction. We hold these assets in our inventory for the purpose of generating staking revenue over the short and long-term. Crypto assets can be marked by volatility quarter to quarter. We believe the assets we are staking have important use cases in the world of DeFi, and thus hold excellent mid and long-term potential to generate staking returns and appreciate. However, as a company that owns cryptocurrency for the purpose of generating revenue, Tokens.com's asset value and share price will be correlated to what's occurring in the overall cryptocurrency markets.

During Q2, bitcoin, the largest cryptocurrency, dropped by 53.1% from its highs. Eth, our largest digital asset holding, hit an all-time high of \$4,356.99 on May 12th and lost roughly 59% of its value by the end of June. It has since recovered and as has the majority of the crypto market. In addition, during Q2 and into Q3, Tokens.com has continued to acquire more digital assets for the purpose of staking and to build its digital asset inventory. Tokens.com sees the volatility as an opportunity to 'buy the dip' and strengthen the quality of its digital asset inventory at lower prices.

Tokens.com continues to compound its revenue by re-staking the tokens it receives as revenue to create higher returns on capital. We believe this strategy will allow us to grow our digital asset inventory and position it for positive and compounding appreciation as the market recovers from the lows of Q2. Management sees the crypto staking market opportunity continuing to grow. Most of the non-cash loss from Q2 has already reversed itself thus far in Q3.

For the three and six months ended June 30, 2021, the Company recorded a net loss of \$8,537,342 and \$8,674,514 and a comprehensive loss of \$11,296,482 and \$8,583,968 representing a loss per share for the three and six month ended June 30, 2021 of \$(0.13) and \$(0.06). Contributing to the loss and comprehensive loss for the three and six months ended June 30, 2021, is an unrealized (non-cash) revaluation loss on the digital assets at June 30, 2021 of \$9,484,529 and \$6,634,844 respectively, and a one-time listing expense of \$1,108,883 (that included a \$551,843 non-cash expense representing the fair value of the common shares retained by the former shareholders of COIN, less the working capital acquired). Despite this, management believes the balance sheet is strong and that the company is well funded from a corporate overhead standpoint.

A complete financial reporting package, including the Consolidated Financial Statements and Notes and MD&A, is available on our corporate website (www.tokens.com), and at SEDAR website (www.sedar.com)

About Tokens.com

Tokens.com Corp. is powering the future of digital assets as one of the largest Proof-of-Stake technology companies by operating assets and market capitalization. The Company provides essential services to the Proof-of-Stake blockchains, a substantial and increasingly important area of the tech that utilizes an environmentally friendly process. Tokens.com is compensated for

its work through the payment of additional tokens in the underlying blockchains it is Staking.

Tokens.com Corp is a Proof-of-Stake technology company that provides investors with a simple and secure way to gain exposure to Staking rewards and digital assets that power Decentralized Finance and Non-Fungible Tokens, without the burden of buying, managing and securing digital assets themselves. The Company creates value for its investors through earning Staking yields and the appreciation of its digital asset inventory, all achieved through environmentally friendly technology.

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

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 Company's expected use of its bitcoin; expected annual returns and yields; the potential size of the crypto asset market; the impact of digital assets on the economy; expected adoption of blockchain technology and market opportunities related to same; and the Company's beliefs regarding the use of Staking technology by new digital asset platforms. 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; competition or other factors may diminish expected returns; market adoption of blockchain may be slower than expected; the Company may need to deploy its Bitcoin in ways other than currently anticipated; 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; 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.