



Tokens.com Reports Financial Results for Fiscal Year 2022

TORONTO, ONTARIO, December 29, 2022 - Tokens.com Corp. (NEO Exchange Canada: COIN)(Frankfurt Stock Exchange: 76M) (OTCQB US: SMURF) ("Tokens.com" or the "Company"), a publicly-traded company that invests in web3 assets and builds businesses linked to crypto staking, the metaverse, and play-to-earn gaming, is pleased to report its financial results for the nine months fiscal year ended September 30, 2022 ("FY2022"). All dollar figures are in United States dollars ("USD"), unless otherwise stated.

2022 Operation Highlights:

- Year-end cash balance of \$5.8 million and digital assets - cryptocurrency balance of \$7.3 million, for a total of \$13.1 million, or CAD\$18.0 million equivalent;
- Total assets of \$20.0 million or CAD\$27.5 million equivalent;
- Total revenue for the nine-months ended September 30, 2022 of \$678k, or CAD\$929k;
- Start-up subsidiaries, Metaverse Group and Hulk Labs, both became revenue positive in 2022 with revenue of CAD\$130k and CAD7k, respectively;
- Metaverse Fashion Week, hosted on digital real estate owned by subsidiary Metaverse Group, attracted over 100,000 visitors;
- Successful launch of Hulk Labs, a new subsidiary focused on the play-to-earn crypto gaming sector;

- Acquisition of additional Metaverse real estate assets including the Music District in Decentraland and landmark parcels in SuperWorld;
- Successfully hosted a metaverse music festival in the company's Music District;
- Successful tenant leases for virtual land for brands including Forever 21 and The UPS Store;
- Completion of Tokens.com Tower, which serves as the digital headquarters for Tokens.com and its subsidiaries;
- Hosted the digital version of Miami Fashion Week in Decentraland's Fashion District;
- Entered an exclusive partnership with the Democratic Republic of Congo to identify and train a workforce of crypto gaming players;
- Integrated Fireblocks, a custody solution to improve security and report management;
- Acquisition of Playte Group, a company that builds tools to power the play-to-earn gaming economy;
- Completion of strategic investment round at Hulk Labs;
- Full occupancy of its digital real estate portfolio in Decentraland's downtown and fashion district;
- Integration of over 1,000 player wallets into Hulk Labs' player network; and;
- Partnership with AIR MILES, Canada's largest loyalty program.

"I am proud of our accomplishments in 2022, despite terrible market conditions. We believe that our intrinsic value isn't reflected in our share price and that we remain positioned for further positive accomplishments in 2023. We thank our shareholders for their support during a tough year. Management is aligned with 25% ownership and we will continue to work on creating value with an eye on the long term," said Andrew Kiguel, CEO.

"FY2022 is marked with non-cash losses that reflect the revaluation of the crypto assets we own. However, these non-cash losses have not impacted the

ongoing growth within our metaverse and gaming business segments. Despite negative global macro events and the subsequent impact on our share price, management at Tokens.com has been able to build its businesses at Metaverse Group and Hulk Labs. Both are revenue positive and growing,” added Kiguel.

Market Commentary:

Capital markets in 2022 have been disappointing on several levels. While 2021 was marked by over-hyped asset values, 2022 has seen asset values decline across almost all sectors. Global indices remain highly reactive to macro headlines. The S&P 500 and NASDAQ are down approximately 20.4% and 34.2%, respectively at the time of writing, one of the worst yearly performances on record. Macroeconomic factors such as inflation weighed heavily on asset values as did the rapid and unprecedented increase in interest rates to combat inflation. Interest rate stress caused significant market disruption in 2022 including seven Fed rate increases. High-profile failures, bankruptcies and outright fraud by crypto-related businesses in the second half of 2022 punctuated what resulted in a massive drop in the value of cryptocurrencies from all-time highs in late 2021. This has negatively impacted the valuations of many technology companies, including small-cap technology companies such as Tokens.com.

Also impacting valuations is the uncertainty related to energy prices, climate change and supply chain disruptions. Much of this is related to the ongoing conflict between Russia and Ukraine. The result has been an ongoing pivot away from more speculative assets and technology-based stocks. As Tokens.com is a web3 technology company, our share price has been negatively impacted by these macro events, despite the company being well-capitalized and growing.

A common issue with capital markets is that they overvalue or undervalue companies. However, they rarely accurately reflect the value of a business. In the case of Tokens.com, we were caught up in the metaverse hysteria in late 2021. Today, all crypto companies have been caught in the slew of negative headlines about crypto and the economy which, in management's opinion, has led to overselling. In addition, as a small cap stock, selling pressure can

have an outsized impact on the share price. Conversely, the same is true. Over time, as the company grows and matures, and negative macro events stabilize, management hopes its share price will reflect its intrinsic value.

Tokens.com Operations:

Despite being an early mover with notable achievements in the metaverse and play-to-earn gaming sectors, our accomplishments this year have been overshadowed by the poor performance of the cryptocurrency sector and high profile failures in the sector. Management believes that although there have been setbacks in the public perception of crypto and some well publicized failures in the sector, the impact of web3 technology will be profound in the coming years. 2022 marked a successful corporate strategy pivot to expand beyond staking, which is highly reliant on the price of cryptocurrencies. Management further believes we are positioned in the fastest growing categories of web3 through our operations in staking, the metaverse and gaming.

We acknowledge that crypto prices in 2022 were volatile and our ownership of a cryptocurrency inventory resulted in significant non-cash losses related to the revelation of those assets. Management took steps to reevaluate its crypto holdings and dispose of non-layer one assets in favor of holding more cash. Management at Tokens.com has taken steps to significantly reduce corporate overhead and preserve capital to not require new capital in 2023. As of September 30th, Tokens.com held \$5.8 million of cash and \$7.3 million of cryptocurrency tokens.

Tokens.com is not a crypto exchange and we do not engage in performance-enhancing derivative or leverage products. In addition, Tokens.com does not custody digital assets or cryptocurrency for third parties. The Company only custodies its own digital assets.

Management has focused on building its two new web3 businesses; Metaverse Group and Hulk Labs. Those businesses are focused on innovation in the web3 sector in ways that are not tied to the performance of cryptocurrencies. Both businesses have made great strides in providing corporate and brand partners new ways to engage their customers.

Metaverse Group and Hulk Labs both became revenue positive in 2022 through a focus on innovative services and through building proprietary intellectual property. Our strategy is to limit our exposure to Layer 1 cryptocurrencies like Ethereum, while also building sustainable and profitable businesses that leverage web3 and blockchain technology. This strategy provides investors with the potential upside in crypto prices and the growing use cases for blockchain technology.

Management notes that results are for the 9 months ended September 30, 2022, because of a change in the Company's year-end from December 31 to September 30.

Q3-2022 Financial Highlights

- Gain on disposition of digital assets of \$270k, compared to \$102k from the same period last year. The Company also recorded a gain on revaluation of digital assets of \$2.8 million for the three months ended September 30, 2022, compared to \$4.2 million for the same period last year. This is due to the recovery of cryptocurrency prices after June 30, 2022.
- Staking revenue decreased to \$54k compared to staking revenue of \$418k for the three months ended December 31, 2021. This is due to the lower cryptocurrency prices that persisted throughout 2022 compared to 2021.
- Metaverse Group Ltd. recorded lease revenue of \$50k for the three months ended September 30, 2022. This is a new revenue stream for the Company this year.
- Hulk Labs recorded gaming revenue of \$5k for the three months ended September 30, 2022. This is also a new revenue stream for the Company this year.
- Operating expenses increased to \$981k from \$616k of the same period last year, due to additional operating overheads incurred by Metaverse Group and Hulk Labs.
- The Company recorded a net loss and a total comprehensive loss of \$1.8 million, compared to net income of \$4.1 million and comprehensive income of \$3 million for the same period last year.

2022 Financial Highlights

- Loss on disposition of digital assets of \$1.7 million, compared to a gain of \$1.4 million for the twelve months ended December 31, 2021. The Company also recorded a loss on revaluation of digital assets of \$17.6 million for the nine months ended September 30, 2022, of which \$11.9 million was recorded in net income and \$3.5 million in other comprehensive income, compared to a gain of \$2.3 million for the twelve months ended December 31, 2021, of which a loss of \$3.4 million was recorded in net income and a gain of \$4.3 million recorded in other comprehensive income.
- Recorded an impairment loss of \$3.6 million on its non-fungible token assets, due to the current market conditions and level of public interests dwindling throughout the 2022 fiscal year.
- Staking revenue decreased to \$552k, compared to staking revenue of \$892k for the twelve months ended December 31, 2021. This is due to the lower cryptocurrency prices that persisted throughout 2022.
- Metaverse Group Ltd. recorded lease revenue of \$95k for the nine months ended September 30, 2022. This is a new revenue stream for the Company this year.
- Operating expenses decreased to \$2.7 million from \$6.3 million for the year ended December 30, 2021, with the reductions attributable to lower overhead costs across all functions of the Company.
- The Company recorded a net loss of \$5.9 million, compared to a loss of \$8.3 million during the year ended December 31, 2021, and a total comprehensive loss of \$9.4 million, compared to a loss of \$4.0 million during the year ended December 31, 2021.

Continuous Disclosure

Further to a review by the staff of the Ontario Securities Commission (the “OSC”) of the Company’s continuous disclosure, the FY2022 Financial Statements and MD&A include the following changes:

- Reclassification of its cryptocurrency assets from current to non-current on a retrospective basis.
- Correction and additional disclosures with respect to executive compensation.

As a result of having to make such enhanced disclosure after the OSC review, the Company has been placed on the public list of Refilings and Errors in accordance with OSC Staff Notice 51-711 (Revised) - *Refilings and Corrections of Errors* for a period of three years, effective today.

A complete financial reporting package, including the Condensed Consolidated Financial Statements and Management’s Discussion & Analysis, is available on our corporate website (www.tokens.com), and the SEDAR website (www.sedar.com).

An investor call has been scheduled to discuss the Company’s 2022 financial results, hosted by CEO Andrew Kiguel, starting at 10:00 am ET on December 30, 2022.

Conference Call Details:

Date: December 30, 2022

Time: 10:00 a.m. ET

Dial-In: 866-455-3403

PIN: 17294915#

About Tokens.com

Tokens.com Corp is a publicly traded technology company that invests in web3 assets and builds web3 businesses. The Company focuses on three operating segments: i) crypto staking, ii) the metaverse and, iii) play-to-earn crypto gaming. Tokens.com owns digital assets and operating businesses within each of these three segments.

Staking operations occur within Tokens.com. Metaverse real estate and ecomm3 solutions operations occur within a subsidiary called Metaverse Group. Crypto gaming operations occur within a subsidiary called Hulk Labs. All three businesses are tied together by the utilization of blockchain technology and are linked to high-growth macro trends within web3. Through sharing resources and infrastructure across these business segments, Tokens.com is able to efficiently incubate these businesses from inception to revenue generation.

As a result of each of the three business segments owning digital assets, Tokens.com is required to revalue these assets at every reporting quarter. The Company's financial statements will have non-cash related gains or losses based on the market performance of the digital assets owned from quarter to quarter. These non-cash revaluations of owned digital assets do not impact the operations or growth within our business segments. The digital assets are owned for the purpose of generating revenue within each business segment. In some instances, the Company may choose to dispose of certain assets if they no longer meet our ownership criteria.

Visit [Tokens.com](https://tokens.com) to learn more.

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

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Forward-Looking Statements

This news release includes certain forward-looking statements as well as management's objectives, strategies, beliefs and intentions. Forward looking statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results. Forward-looking statements are based on the current opinions and expectations of management. All forward-looking information is inherently uncertain and subject to a variety of assumptions, risks and uncertainties, including the speculative nature of cryptocurrencies, as described in more detail in our securities filings available at www.sedar.com. Actual events or results may differ materially from those projected in the forward-looking statements and we caution against placing undue reliance thereon. We assume no obligation to revise or update these forward-looking statements except as required by applicable law.