



Tokens.com

Consolidated Financial Statements

**For the nine months ended September 30, 2022 and the twelve months ended
December 31, 2021**

(Expressed in United States Dollars)

Change in Fiscal Year-End

During the nine months ended September 30, 2022, Tokens.com Corp. changed its fiscal year end to September 30 from December 31. The transition period is the nine months ended September 30, 2022 and the comparative period is the twelve months ended December 31, 2021.

Independent Auditor's Report

To the Shareholders of
Tokens.com Corp.

Raymond Chabot
Grant Thornton LLP
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National Bank Tower
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Montréal, Quebec
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Opinion

We have audited the consolidated financial statements of Tokens.com Corp. (hereafter "the Company"), which comprise the consolidated statements of financial position as at September 30, 2022 and December 31, 2021, and the consolidated statements of loss and comprehensive loss, the consolidated statements of cash flows and the consolidated statements of changes in equity for the nine months ended September 30, 2022 and the twelve months ended December 31, 2021, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022, and December 31, 2021, its financial performance and its cash flows for the nine months period ended September 30, 2022 and the twelve months period ended December 31, 2021 in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Louis Roy.

Raymond Chabot Grant Thornton LLP¹

Montréal,
December 29, 2022

¹ CPA auditor, CA public accountancy permit no. A125741

TOKENS.COM CORP.
Consolidated Statements of Financial Position
(Expressed in United States Dollars)

<i>As at</i>	Note	September 30, 2022	December 31, 2021
Assets			
Current assets			
Cash		\$ 5,837,573	\$ 9,741,810
Accounts receivable and other	4	382,618	418,343
Prepaid expenses		90,683	237,777
		6,310,874	10,397,930
Non-current assets			
Digital assets - cryptocurrency	5	7,312,678	25,174,634
Digital assets - non-fungible tokens	5	2,838,280	5,259,678
Intangible assets and goodwill	7	3,298,728	2,715,985
Joint venture	8	285,053	-
Total assets		\$ 20,045,613	\$ 43,548,227
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 1,051,676	\$ 2,162,453
Loan payable	10	475,000	-
		1,526,676	2,162,453
Non-current liabilities			
Warrant liability	11	425,620	15,256,235
Total liabilities		1,952,296	17,418,688
Shareholders' equity			
Attributable to owners of the parent			
Share capital	12	22,179,575	22,585,641
Accumulated other comprehensive income		909,574	4,419,345
Contributed surplus		3,150,241	2,921,859
Accumulated deficit		(11,357,087)	(7,540,984)
		14,882,303	22,385,861
Attributable to non-owners of the parent			
Non-controlling interest		3,211,014	3,743,678
Total shareholder's equity		18,093,317	26,129,539
Total liabilities and shareholders' equity		\$ 20,045,613	\$ 43,548,227

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

Approved on behalf of the Board of Directors:

"Andrew Kiguel"

Director

"Jimmy Vaiopoulos"

Director

TOKENS.COM CORP.**Consolidated Statements of Loss and Comprehensive Loss**

For the nine months ended September 30, 2022 and the twelve months ended December 31, 2021

(Expressed in United States Dollars, except share amounts)

	Note	Nine Months Ended September 30, 2022	Twelve Months Ended December 31, 2021
Revenue	17	\$ 678,269	\$ 1,080,760
Expenses			
Operating expenses	18	(2,669,682)	(6,311,108)
Gain (loss) on disposition of digital assets	5	(1,689,423)	1,351,562
Loss on revaluation of digital assets - cryptocurrencies	5	(11,928,088)	(3,381,798)
Loss on impairment of digital assets - non-fungible tokens	5	(3,790,033)	-
Operating loss		(19,398,957)	(7,260,584)
Foreign exchange gain (loss)		(884,029)	270,966
Gain (loss) on revaluation of warrant liability	11	14,830,615	(2,645,805)
Finance expense		(54,685)	(28,983)
Finance income		-	2,548
Share of loss of investment in joint venture	8	(264,947)	-
Gain on revaluation of contingency consideration		44,524	-
Other gain or loss		-	461,239
Net loss before income tax		(5,727,479)	(9,200,619)
Deferred income tax recovery (expense)	20	(185,187)	918,517
Net loss		\$ (5,912,666)	\$ (8,282,102)
Other comprehensive income (loss)			
Items that will not be reclassified in profit or loss			
Revaluation gain (loss) on digital assets, net of tax	5	(3,509,771)	4,302,678
Total comprehensive loss		\$ (9,422,437)	\$ (3,979,424)
Net loss attributable to:			
Non-controlling interests		(2,096,563)	(22,544)
Owners of Tokens.com		(3,816,103)	(8,259,558)
		(5,912,666)	(8,282,102)
Total comprehensive loss attributable to:			
Non-controlling interests		(2,096,563)	(22,544)
Owners of Tokens.com		(7,325,874)	(3,956,880)
		(9,422,437)	(3,979,424)
Net loss per share			
Basic and diluted		\$ (0.04)	\$ (0.12)
Weighted average number of shares outstanding			
Basic and diluted		97,043,479	66,649,114

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

TOKENS.COM CORP.

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2022 and the twelve months ended December 31, 2021

(Expressed in United States Dollars, except for share amounts)

<i>For the twelve months ended</i>			Accumulated other		Total attributable to			
<i>December 31, 2021</i>	Number of shares	Share capital	Contributed surplus	comprehensive income	Accumulated deficit	owners of parents	Non-controlling interests	Total
Balance, December 31, 2020	1,222,573	\$ 2,223,243	\$ 76,578	\$ 116,667	\$ (128,357)	\$ 2,288,131	\$ -	\$ 2,288,131
Net loss	-	-	-	-	(8,259,559)	(8,259,559)	(22,544)	(8,282,102)
Other comprehensive income	-	-	-	4,302,678	-	4,302,678	-	4,302,678
Total comprehensive loss	-	-	-	4,302,678	(8,259,559)	(3,956,881)	(22,544)	(3,979,424)
Other equity movements								
Shares issued on exercise of stock options - COIN	177,278	-	-	-	-	-	-	-
Shares issued - RTO consideration	40,315,854	853,658	-	-	-	853,658	-	853,658
Shares issued - private placements	51,107,858	19,866,071	-	-	-	19,866,071	-	19,866,071
Shares issue costs - broker units & warrants	-	(3,175,016)	3,175,016	-	-	-	-	-
Shares issue costs - cash	-	(110,924)	-	-	-	(110,924)	-	(110,924)
Shares issued - settlement of trade payable	76,766	43,857	-	-	-	43,857	-	43,857
Shares issued on exercise of options	483,856	264,457	(204,798)	-	-	59,659	-	59,659
Shares issued on exercise of warrants	1,012,694	1,151,569	(374,300)	-	-	777,269	-	777,269
Share based payments	-	-	249,363	-	-	249,363	64,826	314,189
Shares issued for settlement of RSUs	65,000	131,198	-	-	-	131,198	-	131,198
Shares issued for investment	2,000,000	1,337,528	-	-	-	1,337,528	-	1,337,528
Business combination	-	-	-	-	-	-	1,573,761	1,573,761
Non-controlling interest transactions	-	-	-	-	846,932	846,932	2,127,635	2,974,567
Balance, December 31, 2021	96,461,879	\$ 22,585,641	\$ 2,921,859	\$ 4,419,345	\$ (7,540,984)	\$ 22,385,861	\$ 3,743,678	\$ 26,129,539

<i>For the nine months ended</i>			Accumulated other		Total attributable to			
<i>September 30, 2022</i>	Number of shares	Share capital	Contributed surplus	comprehensive income	Accumulated deficit	owners of parents	Non-controlling interests	Total
Balance, December 31, 2021	96,461,879	\$ 22,585,641	\$ 2,921,859	\$ 4,419,345	\$ (7,540,984)	\$ 22,385,861	\$ 3,743,678	\$ 26,129,539
Net loss	-	-	-	-	(3,816,103)	(3,816,103)	(2,096,563)	(5,912,666)
Other comprehensive loss	-	-	-	(3,509,771)	-	(3,509,771)	-	(3,509,771)
Total comprehensive loss	-	-	-	(3,509,771)	(3,816,103)	(7,325,874)	(2,096,563)	(9,422,437)
Other equity movements								
Shares issued - debt conversion	11,300	18,044	-	-	-	18,044	-	18,044
Shares issued on exercise of warrants	434,780	440,804	(183,680)	-	-	257,124	-	257,124
Shares issued on exercise of options	18,798	12,892	(11,388)	-	-	1,504	-	1,504
Shares issued for investment	1,000,000	307,226	-	-	-	307,226	-	307,226
Share based payments	-	-	587,402	-	-	587,402	-	587,402
Reversal of previously recognized deferred tax asset on share issue cost	-	(1,185,032)	-	-	-	(1,185,032)	-	(1,185,032)
Non-controlling interest transactions	-	-	(163,952)	-	-	(163,952)	1,563,899	1,399,947
Balance, September 30, 2022	97,926,757	\$ 22,179,575	\$ 3,150,241	\$ 909,574	\$ (11,357,087)	\$ 14,882,303	\$ 3,211,014	\$ 18,093,317

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

TOKENS.COM CORP.**Consolidated Statements of Cash Flows**

For the nine months ended September 30, 2022 and the twelve months ended December 31, 2021

(Expressed in United States Dollars)

		Nine Months Ended	Twelve Months Ended
	Note	September 30, 2022	December 31, 2021
Cash provided by (used in):			
Operating activities:			
Net loss		\$ (5,912,666)	\$ (8,282,102)
Change in non-cash operating items:			
Staking revenue	17	(552,493)	(892,289)
Consulting revenue	17	(25,925)	(188,471)
Gaming revenue	17	(4,892)	-
Sales of digital assets		4,165,440	7,684,955
Purchase of digital assets		(6,527,944)	(30,258,790)
Loss on sale of digital assets		1,689,423	(1,351,562)
Loss on revaluation of digital assets		11,928,088	3,381,798
Loss on impairment of NFT's		3,790,033	-
Share based payments		176,275	975,553
Share of loss of investment in joint venture		264,947	-
Gain on revaluation of contingency consideration		(44,524)	-
Other gain or loss		-	(461,239)
Deferred income tax recovery		185,187	(918,517)
Loss (gain) on revaluation of warrant liability		(14,830,615)	2,645,805
Foreign exchange loss (gain)		1,161,160	(8,765)
Listing expense		-	551,843
		(4,538,506)	(27,121,781)
Net change in working capital	19	(463,483)	994,136
Net cash used in operating activities		(5,001,989)	(26,127,645)
Investing activities			
Purchase of intangible assets		(5,005)	(1,598,000)
Cash acquired on RTO		-	331,629
Cash acquired on Metaverse acquisition		-	199,203
Additional investment in Metaverse		-	2,974,565
Net cash provided by (used in) investing activities		(5,005)	1,907,397
Financing activities			
Issue of common shares, net of costs		-	31,319,208
Exercise of warrants		257,124	616,184
Exercise of stock options		1,504	59,659
Issuance of common shares from subsidiaries to non-controlling interests		1,500,000	-
Net cash provided by financing activities		1,758,628	31,995,051
Increase (decrease) in cash		(3,248,366)	7,774,803
Cash, beginning of period		9,741,810	1,952,977
FX movement on cash		(655,871)	14,030
Cash, end of period		\$ 5,837,573	\$ 9,741,810

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

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Notes to Consolidated Financial Statements

For the nine months ended September 30, 2022 and the twelve months ended December 31, 2021

(Expressed in United States Dollars)

1. NATURE OF OPERATIONS

Tokens.com Corp. (the “Company” or “COIN”) was incorporated on April 7, 1998 under the laws of British Columbia. The registered office is located 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4. The Company’s common shares are traded on the NEO Exchange under the symbol COIN, in addition to the OTCQB Exchange under the symbol “SMURF”, and the Frankfurt Exchange under the symbol “76M”.

The Company operates the technology that secures next generation blockchain networks through Proof-of-Stake technology (see “Proof-of-Stake”) that supports the growth of decentralized finance applications (which are built on top of blockchains).

On April 27, 2021, the Company completed the split of its common shares on the basis of 3.133 post-consolidation common share for every 1 pre-consolidation common shares. As a result, all outstanding common shares and stock option, and warrant information presented in these consolidated financial statements have been retroactively adjusted on this basis.

On April 28, 2021, the Company completed a reverse takeover with Tokens.Com Inc. (who changed its name to Tokens.com Capital Corp.) (“Tokens”) and changed its name from COIN Hodl Inc. to Tokens.com Corp. The transaction provided for the acquisition of all of the outstanding equity interests of Tokens by COIN in a transaction in which the shareholders of Tokens received common shares of the resulting issuer (See Note 4). As Tokens was deemed to be the acquirer for accounting purposes, these consolidated financial statements present the historical financial information of Tokens from the date of its incorporation on November 9, 2020.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

a) Statement of Compliance

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on December 29, 2022.

b) Basis of Presentation and accounting changes

These consolidated financial statements have been prepared on a historical cost basis, except for items that IFRS requires to be carried at fair value.

The Company has historically classified its Digital assets – Cryptocurrency and Digital assets – Non-fungible tokens as current assets under one line item. Upon a review by the Ontario Securities Commission (“OSC”), the Company has changed its presentation of these assets to non-current and under separate line items. Certain comparative figures in the consolidated statements of financial positions for the year ended December 31, 2021 have thus been reclassified where necessary to conform with the current year’s presentation.

As at December 31, 2021		
Previous presentation	Classification	Amounts
Digital assets	Current	\$30,434,312
Current presentation	Classification	Amounts
Digital assets – cryptocurrency	Non-current	\$25,174,634
Digital assets – non-fungible tokens	Non-current	\$5,259,678

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Notes to Consolidated Financial Statements

For the nine months ended September 30, 2022 and the twelve months ended December 31, 2021

(Expressed in United States Dollars)

c) Application of IFRS and use of estimates

IFRS does not currently provide specific guidance to address many aspects of the digital currencies business. The Company is required to make judgments as to the application of IFRS and the selection of its accounting policies. The Company has disclosed its presentation, recognition and derecognition, and measurement of digital currencies, and the recognition of revenue as well as significant assumptions and judgments. However, if specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's earnings and financial position as presented.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)**d) Business combinations**

The Company accounts for business combinations using the acquisition method of accounting upon gaining control of an acquired business. Goodwill is calculated as the fair value of consideration paid at the date of acquisition less the fair value of identifiable assets acquired and liabilities assumed as of the acquisition date, net of non-controlling interests.

e) Consolidation

These consolidated financial statements include the financial statements of the Company, its wholly-owned subsidiaries, Tokens.com Capital Corp., in addition to the financial statements of Metaverse Group Ltd. and Hulk Labs Corp. which, as at September 30, 2022, the Company held a 58.5% (December 31, 2021 – 61.7%) and 93.6% (December 31, 2021 – 100%) ownership respectively. All intercompany transactions and balances are eliminated upon consolidation.

Metaverse Group Ltd. has one investment which qualifies as a joint venture: a 50% interest held in 13MG DCL Investment Partners LLC, through its wholly-owned subsidiary Meta13 FLV Inc. Joint venture is accounted for using the equity method, which involves recognition in the consolidated statement of income and comprehensive income of Metaverse Group Ltd.'s share of the net result of the joint ventures and associates for the reporting period. When the share of the losses exceeds the carrying amount of the interest, the carrying amount is written down to nil and recognition of further losses is discontinued, unless Metaverse Group Ltd. has incurred legal or constructive obligations relating to the joint venture. The summary of joint venture is provided below:

Name of the joint venture	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held at year end	
			2022	2021
13MG DCL Investment Partners LLC	United States	Metaverse operation	50%	0%

f) Functional and presentation currency

Items included in the consolidated financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates. These consolidated financial statements have been prepared in USD, which is the Company's functional and presentation currency.

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Notes to Consolidated Financial Statements

For the nine months ended September 30, 2022 and the twelve months ended December 31, 2021

(Expressed in United States Dollars)

g) Significant judgments and use of estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. Although these estimates are based on management's best knowledge of the current events and actions that the Company may undertake in the future, actual results may differ from these estimates.

Significant judgements

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- i. Functional currency - The functional currency of the Company has been assessed by management USD based on consideration of the currency and economic factors that primarily influence the Company's digital assets, revenues and operating costs, financing, and related transactions. Specifically, the Company considers the currencies in which digital assets are most commonly denominated and expenses are settled by each entity as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency.
- ii. Digital assets - Digital assets are considered to be identifiable non-monetary assets without physical substance. Management has determined that the digital assets should be accounted for as intangible assets in accordance with IAS 38 Intangible Assets.
- iii. Income taxes - Management exercises judgment to determine the extent to which deferred tax assets are recoverable in the future and has, therefore, not recognized any deferred tax assets in the statements of financial position.

Use of estimates

- i. Digital assets - Cryptocurrency denominated assets are carried at their fair market value determined by the spot rate based on the hourly volume weighted average from www.coinmarketcap.com. The digital currency market is still a new and highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital assets would have a significant impact on the Company's earnings and financial position. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its cryptocurrency denominated digital assets.
- ii. Digital assets - Non-fungible tokens denominated assets are carried at their cost less any accumulated amortization and impairment losses. Management uses estimates of similar digital properties to evaluate whether there is any impairment to these assets that require recording.
- iii. Share-based compensation - The Company utilizes the Black Scholes method to estimate the fair value of stock options granted to directors, employees, and consultants. The use of Black Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the

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(Expressed in United States Dollars)

share-based compensation calculation value. The most significant estimate is the volatility. Expected future volatility can be difficult to estimate as the Company has a limited history and is in a unique industry, and historical volatility is not necessarily indicative of future volatility.

- iv. Warrant liability - The Company uses a Black-Scholes Option Pricing Model (“Black Scholes”) method to determine the fair value of the warrant liability. The Black Scholes method requires significant judgement in determining the fair value such as volatility and risk-free rate. A change in these inputs could lead to significant change in the fair value of the warrant liability.
- v. Impairment of non-financial assets and goodwill - Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights.

h) Cash

Cash comprises of cash on hand, held at major financial institutions, in addition to cash held in trust.

i) Revenue

The Company uses Proof-of-Stake (“PoS”) technology to provide blockchain verification services (the “Services”) to selected blockchain networks in order to earn staking rewards (also referred to as staking yields) for its shareholders. The staking yields are based on a predetermined formula, specific to each blockchain network, and to the timing of the Services. As consideration for these Services, the Company receives digital currency from each specific network in which it participates. Revenue is recorded as staking yields are earned and measured based on the fair value of the digital currency received or receivable. The fair value is determined using the spot price based on the hourly volume weighted average from www.coinbase.com on the date the tokens are earned. The Company also, from time to time, provides consulting services. As consideration for these consulting services, the Company may receive fiat or digital currency dependent upon the nature of the agreement. Consulting fees are recognized as the consulting services are provided to customers over the term of the consulting contract.

The Company’s subsidiary, Metaverse Group Ltd (“MGL”), earns leasing revenue from the rental of its digital land assets. This is a fiat fee to occupy the digital space owned by MGL. The Company recognizes revenue progressively over the term of the rental contracts. MGL also generates revenue by assisting and providing advisory services to potential clients to develop their metaverse strategies. The Company recognizes revenue at the time of the completion of each client’s project. Unfinished projects at the end of reporting period are recorded as work-in-progress and payments collected in advance are recorded as deferred revenue.

j) Digital assets

Digital assets meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. Cryptocurrencies are initially recorded at the fair value on both the acquisition date and the date earned as revenue, and the revaluation method is used to measure the digital assets subsequently. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Company revalues its digital assets at the end of each of its three interim financial reporting periods and at its annual financial reporting period end date. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income.

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Digital assets consisting of cryptocurrency denominated assets are measured at fair value using the quoted price on www.coinmarketcap.com. Management considers this fair value to be a Level 2 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. These assets are valued based on the closing price obtained from www.coinmarketcap.com at the reporting period corresponding to the different assets held by the Company.

Digital assets consisting of non-fungible token denominated assets are measured at cost less impairment losses. These non-fungible tokens are considered to have indefinite lives, and therefore are not amortized but are tested for impairment at the Company's annual financial reporting period end date.

All digital assets, consisting of both cryptocurrency and non-fungible token denominated, are classified as non-current.

k) Intangible assets

Intangible assets with indefinite lives are not amortized and are tested for impairment at its annual financial reporting period end date.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

Impairment testing

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill.

Cash-generating units to which goodwill and intangible asset that has an indefinite useful life or is not yet available for use has been allocated (determined by the Company's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors. Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to the cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

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l) Accounts receivable and other

Accounts receivable includes accrued staking rewards to be received per the terms of the staking contract. They are initially recorded at fair value using the price of the staking rewards when they are earned, and are subsequently remeasured at the fair value where gains and losses are recognized entirely in the statement of loss.

m) Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in shareholders' equity. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. They are offset only when they arise in the same legal entity and jurisdiction.

n) Financial instruments

Classification and Measurement

Financial assets and financial liabilities are initially measured at fair value, adjusted for transaction costs where applicable, and are subsequently accounted for based on their classification as described below. The classification depends on both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Financial Assets

All financial assets are initially recorded at fair value and classified upon inception into one of the following categories: amortized cost, fair value through profit or loss, or fair value through other comprehensive income.

In the periods presented, the Company does not have any financial assets categorized in fair value through profit or loss, or fair value through other comprehensive income.

Amortized cost

Financial assets are measured at amortized cost if both the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's financial assets measured at amortized cost comprise cash. Due to their short-term nature, the carrying value of cash approximates their fair value.

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Accounts receivables and other are classified as financial assets at amortized cost.

IFRS 9's impairment requirements use forward-looking information to recognize expected credit-losses – the expected credit loss (ECL) model'. The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Financial Liabilities

Financial liabilities are accounted for at amortized cost using the effective interest rate method. Accounts payable, accrued liabilities and loan payable, except DSU liability and contingent consideration are classified as financial liabilities at amortized cost. Transaction costs are included in the underlying balance.

DSU liability and contingent consideration are at fair value through profit or loss.

All interest-related charges that are reported in profit or loss are included within finance expenses or finance income.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

o) Warrant Liability

The Company uses Black-Scholes option pricing model to determine the fair value of the warrant liability. The Company subsequently measures the warrants at fair value at each reporting date and records the gain or loss through the consolidated statements of loss.

p) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

q) Share-based Payments

Share-based payments include option and stock grants granted to directors, employees and consultants. The Company accounts for share-based compensation using a fair value-based method with respect to all share-based payments.

The fair values of stock options are calculated using Black-Scholes model at the date of grant and are charged to operations over the vesting period, with the offsetting credit charged to contributed surplus. If, and when, the stock options are exercised, the applicable amounts are transferred from contributed surplus to share capital.

The fair value of stock grants in the form of Deferred share units ("DSU's") and Restricted share units ("RSU's") are measured at the market price of the Company's common shares on the date of issue and are charged to operations, with the offsetting credit being accounted for as a liability. If an award's fair value changes after it has been granted and before the exercise date, the resulting change is recognized in the liability within the year the change occurs. For DSU's, the payment amount is established as of the exercise date. For RSU's, the payment amount is established as of the vesting date.

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r) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net income or loss attributable to the Company shareholders by the weighted average number of common shares outstanding for the relevant year. Diluted earnings per share is computed by dividing the net income or loss attributable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

s) Segment reporting

Each of the Company's distinctive business operations (staking, metaverse services, play-to-earn gaming) is considered a reporting unit and an operating segment, for which discrete financial information is prepared and regularly reviewed by segment management. The accounting policies of each segment are the same as those disclosed in the summary of significant accounting policies within this note.

t) Foreign currency translation

The functional currency of the Company is the United States dollar (USD). When translating to functional currency, foreign currency monetary assets and liabilities are translated into the functional currency at the rate of exchange prevailing at the end of the period. Non-monetary assets and liabilities are translated at the rate of exchange prevailing when the assets were acquired or the liabilities incurred. Income, and expense items are translated using the average rate of exchange during the financial statement periods, except for one time specific transactions that can be measured at their transaction date.

u) Standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards and interpretation have been published by the International Accounting Standards Board. None of these standards or amendments to existing standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's consolidated financial statements.

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3. REVERSE TAKEOVER

On April 28, 2021, COIN completed the merger with Tokens, pursuant to which Tokens amalgamated with a wholly owned subsidiary of COIN, resulting in the indirect acquisition by COIN of all of the issued and outstanding securities of Tokens (the “Transaction” or “RTO”). This resulted in a reverse takeover of COIN by the shareholders of Tokens. In connection with the Transaction, the Company changed its name from “COIN Hodl Inc.” to “Tokens.com Corp.” and consolidated its existing common shares on the basis of one common share for each 11.326 existing common shares of the Company. At the time of the Transaction, COIN did not constitute a business as defined under IFRS 3; therefore, the Transaction was accounted for under IFRS 2, where the difference between the consideration given to acquire COIN and the net asset value of COIN was recorded in the consolidated statement of loss as a listing fee expense. As Tokens was deemed to be the acquirer for accounting purposes, these consolidated financial statements present the historical financial information of Tokens up to the date of the Transaction.

Because the Company cannot identify specifically some or all of the goods or services received in the Transaction in return for the exchange of shares, the value in excess of the net identifiable assets of COIN acquired on closing was expensed in the consolidated statement of loss as a listing expense.

The listing transaction expense in the amount of \$551,843 is comprised of the fair value of common shares of the Company retained by the former shareholders of COIN and legal and stock exchange listing fees incurred, less the amount of acquired net assets of COIN.

The fair value of 1,399,851 common shares issued was \$853,658, reflecting the price of shares issued in the concurrent private placement at \$0.61 (C\$0.75) per share.

The fair value of the consideration is as follows:

Deemed issuance of 1,399,851 common shares as consideration for the RTO	\$ 853,658
	<u>\$ 853,658</u>

The allocation of the consideration is as follows:

Cash	\$ 331,629
Accounts payable	(29,814)
Net working capital acquired	<u>\$ 301,815</u>
Total consideration	\$ 853,658
Net working capital acquired	(301,815)
Total listing expense	\$ 551,843
Transaction expenses	1,330,759
Total listing and transaction expenses	<u>\$ 1,882,602</u>

4. ACCOUNTS RECEIVABLE AND OTHER

	Nine Months Ended September 30, 2022	Twelve Months Ended December 31, 2021
Accounts receivable	\$ 106,398	\$ 103,275
Amount receivable from joint venture	175,995	-
Services to be invoiced	74,940	-
Deposit	25,285	-
Subscription receivable	-	315,068
	<u>\$ 382,618</u>	<u>\$ 418,343</u>

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5. DIGITAL ASSETS

Details of the Company's holdings of digital assets consisted of:

	As at September 30, 2022		As at December 31, 2021	
	Holdings	Fair Value	Holdings	Fair Value
Cryptocurrency				
Ethereum	3,177	\$ 4,217,831	2,926.76	\$ 10,903,133
Polkadot ⁽ⁱ⁾	302,492	1,911,748	286,944.18	7,667,114
Solana	18,326	608,589	12,531.17	2,134,066
Rose	7,153,048	436,335	3,779,024.92	1,642,981
ANKR	3,010,790	91,702	3,022,453	302,225
NFTX	1,356	29,171	-	-
Shiba Inu	833,333,333	9,433	833,333,333.33	27,842
Mana	2,000	1,396	177,000.10	578,790
Thetan Coin	1,008,710	3,494	-	-
Treasure Under Sea	2,824,489	702	-	-
USDC	2,277	2,277	2,904.01	3,060
Terra Classic	2,901	1	22,621.07	1,933,423
		\$ 7,312,678		\$ 25,174,634

(i) 302,119 tokens held by Genesis Global Capital, LCC, as collateral for a loan facility (See Note 10).

	Cost less impairment losses	Cost
Non-Fungible Tokens		
Decentraland	\$ 2,394,048	\$ 4,447,006
Sandbox	254,243	712,333
Somnium	57,906	75,161
Cryptopunk	85,203	-
Superworld	10,583	-
Urbit	8,865	25,178
Games	27,432	-
	\$ 2,838,280	\$ 5,259,678

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5. DIGITAL ASSETS (continued)

Digital asset activities have consisted of:

	Cryptocurrency	NFT's	Total
Balance, December 31, 2020	\$ 366,667	\$ -	\$ 366,667
Digital assets acquired	27,740,945	5,259,678	33,000,623
Digital assets sold	(7,684,955)	-	(7,684,955)
Rewards earned	1,068,416	-	1,068,416
Gain on disposal	1,351,562	-	1,351,562
Revaluation of digital assets	2,331,999	-	2,331,999
Balance, December 31, 2021	\$ 25,174,634	\$ 5,259,678	\$ 30,434,312
Digital assets acquired	4,643,293	1,884,651	6,527,944
Digital assets acquired by share issuance	-	156,706	156,706
Digital assets sold ⁽¹⁾	(4,165,440)	-	(4,165,440)
Digital assets sold for investment purchase ⁽¹⁾	(25,285)	(725,995)	(751,280)
Digital assets received from loan	1,000,000	-	1,000,000
Digital assets used for repayment of loan	(525,000)	-	(525,000)
Digital assets earned from staking and gaming	557,385	-	557,385
Gain (loss) on disposal ⁽¹⁾	(1,742,696)	53,273	(1,689,423)
Revaluation of digital assets ⁽¹⁾	(17,604,213)	-	(17,604,213)
Impairment of digital assets ⁽²⁾	-	(3,790,033)	(3,790,033)
Balance, September 30, 2022	\$ 7,312,678	\$ 2,838,280	\$ 10,150,958

⁽¹⁾ Cryptocurrencies held are revalued at each reporting period based on the fair market value on the reporting date. As at September 30, 2022, based on the price of the cryptocurrencies, the total revaluation is a loss of \$17,604,213 (December 31, 2021 – a gain of \$2,331,333). Of this amount, \$3,509,771 (December 31, 2021 - \$4,302,678), net of tax of \$1,083,177 (December 31, 2021 - \$1,411,119), is recorded to other comprehensive income.

During the nine months ended September 30, 2022, the Company sold digital assets for considerations totaling \$3,227,297 (December 31, 2021 - \$7,684,955) with a carrying value of \$4,916,720 (December 31, 2021 - \$6,333,293) and recorded a realized loss of \$1,689,423 (December 31, 2021 – gain of \$1,351,562). The digital assets were sold for cash or other cryptocurrencies, for portfolio rebalancing and investment purchase purposes.

⁽²⁾ Digital assets – non-fungible tokens (NFT's) have indefinite life and therefore are not amortized but tested for impairment at reporting period end. For the NFTs, management determines the asset's recoverable amount, which is its fair value less costs of disposal. Impairment occurs if the asset's carrying amount exceeds its recoverable amount.

To determine the asset's fair value, management considers observable market data which include comparable sales that have occurred within each metaverse and adjust any difference as needed (fair value hierarchy level 3). Differences can arise from the location of metaverses and their exposure to the broader market. For the nine-month ended September 30, 2022, management has determined there is an impairment of \$3,790,033 to its NFT assets.

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6. BUSINESS COMBINATIONS**ACQUISITION OF METAVERSE GROUP LTD. (“MGL”)**

On October 14, 2021, the Company purchased a 50% interest in MGL, a non-fungible token based real estate company (see Note 10 c) iii).

On November 16, 2021, the Company purchased an additional 38,888,889 common shares of MGL at a price of \$0.07 (CA\$0.09) for \$2,788,845 (CA\$3,500,000), resulting in the Company holding a 70% ownership of MGL and thereby gaining control of MGL.

On November 19, 2021, the Company purchased an additional 9,091,000 common shares of MGL at a price of \$0.17 (CA\$0.22) as part of a private placement completed by MGL, resulting in the Company holding a 61.7% ownership of MGL at December 31, 2021.

On January 26, 2022, MGL issued 6,672,436 additional common shares to non-controlling interests for a consideration of cash and digital assets, reducing the Company’s ownership to 58.5% as at September 30, 2022.

The transaction has been accounted for by the Company as a business combination under IFRS 3 *Business Combinations* and has consolidated MGL in these consolidated financial statements and recognized non-controlling interests accordingly.

The detail of the business combination is as follows:

Fair value of consideration transferred	
Amount settled in cash	\$ 2,788,845
Amount settled in equity	1,337,528
Gain on equity investment	<u>455,301</u>
Total	<u>4,581,673</u>
Recognized amounts of identifiable net assets	
Cash	\$ 2,988,048
Digital assets	2,741,833
Deferred tax liability	<u>(692,430)</u>
Total identifiable net assets	<u>\$ 5,037,450</u>
Non-controlling interest of net assets	<u>1,573,761</u>
Goodwill recognized	<u>\$ 1,117,985</u>

Goodwill represents the excess of digital asset fair market values above cost in addition to the management expertise obtained through the acquisition and the underlying ability to generate future revenues from these assets.

Goodwill is not expected to be deductible for tax purposes.

As at September 30, 2022, the purchase price allocation is preliminary. The fair values outlined above are provisional and subject to revision as a result of information discovered after acquisition date that relates to events and conditions at the acquisition date. The period when such revisions may be made is not more than 12 months from the date of the acquisition. Any such revisions made could be material. In particular, the identification and valuation of intangible assets are provisional.

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6. BUSINESS COMBINATIONS (continued)**ACQUISITION OF 2839950 ONTARIO INC.**

On July 13, 2022, the Company purchased 2839950 Ontario Inc. (“Playte”), a company with existing product roadmap and certain important existing contracts that complement the Company’s subsidiary Hulk Labs Corps’ play-to-earn gaming operation. By acquiring the key assets of Playte, the Company is considered to have obtained control of its operation.

The transaction has been accounted for by the Company as a business combination under IFRS 3 *Business Combinations* and has consolidated Playte in these consolidated financial statements and recognized non-controlling interests accordingly.

The detail of the business combination is as follows:

Fair value of consideration transferred	
Amount settled in equity	\$ 307,226
Contingency consideration	<u>271,395</u>
Total	578,621
 Recognized amounts of identifiable net assets	
Digital assets	<u>\$ 883</u>
Total identifiable net assets	\$ 883
 Goodwill recognized	 <u>\$ 577,738</u>

Contingency consideration represents the possible future considerations that the Company may need to satisfy by issuing additional common shares and common shares of Hulk Labs Corp. as part of the Playte acquisition. The considerations depend on the successful launch of Hulk Labs’ operating software and also meeting certain revenue targets. The contingency consideration is considered a financial liability and is recognized and subsequently re-measured based on the share price of the Company.

Goodwill represents the excess of digital asset fair market values above cost in addition to the management expertise obtained through the acquisition and the underlying ability to generate future revenues from these assets.

Goodwill is expected to be deductible for tax purposes as purchase price allocation is finalized in future period.

As at September 30, 2022, the purchase price allocation is preliminary. The fair values outlined above are provisional and subject to revision as a result of information discovered after acquisition date that relates to events and conditions at the acquisition date. The period when such revisions may be made is not more than 12 months from the date of the acquisition. Any such revisions made could be material. In particular, the identification and valuation of intangible assets are provisional.

INVESTMENT IN HULK LABS CORP. (“HULK”)

On July 18, 2022, Hulk Labs issued 1,470,588 common shares to a non-controlling interest, reducing the Company’s ownership from 100% to 93.4% as at September 30, 2022. The Company recorded a gain on dilution in investment in Hulk of \$405,840, which was allocated to retained earnings, and recognized a non-controlling interest of \$94,160.

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7. INTANGIBLE ASSETS AND GOODWILL

Intangible assets are comprised of domain names purchased by the Company and its subsidiaries, and goodwill arisen from business combination transactions.

	Domain names	Goodwill	Total
Gross carrying amount			
Balance at December 31, 2020	\$ -	\$ -	\$ -
Addition	1,598,000	1,117,985	2,715,985
Balance at December 31, 2021	\$ 1,598,000	\$ 1,117,985	\$ 2,715,985
Addition	5,005	577,738	582,743
Balance at September 30, 2022	\$ 1,603,005	\$ 1,695,723	\$ 3,298,728

Domain names are recorded at cost upon purchase less impairment losses. As domain names are considered to have indefinite lives, no amortization is recorded. Management completed an impairment assessment as at September 30, 2022 and December 31, 2021, consisting of independent valuations to determine the fair value of the domain names, and determined that there was no impairment loss required to be recorded.

Goodwill is required to be tested for impairment every reporting period end. The table below represents the process for which goodwill was tested for impairment:

	Goodwill	Goodwill
Cash-generating units attached	Metaverse Group Ltd's digital assets	Hulk Labs Corp.'s digital assets
Carrying amount allocated	\$1,117,985	\$577,738
Recoverable amount method	Value in use	Value in use
Key assumptions	Operating cash flow model, based primarily on consulting revenue earned from servicing potential clients.	Operating cash flow model, based primarily on revenue earned from active players playing the games.
Management's approach	Management looks at the most recent quarter of MGL's operating result and potential new clients in the upcoming quarters.	Due to limited operating history, management looks at external factors such as interests in the blockchain gaming industry.
Cashflow projection periods	3 years	3 years
Growth rate	Based on growth assumption of one new client every year.	Based on growth assumption of 500 new players every quarter.
Discount rate	20%	20%

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8. JOINT VENTURES

On June 20, 2022, MGL entered into a joint arrangement with 13FV DCL Partners I LLC, which qualifies as a joint venture (See Note 2 (e)). The following table presents the changes in the investment in the joint venture that is accounted for using the equity method:

Entity	Ownership	Balance, December 31, 2020	Balance, December 31, 2021	Investment	Share of net income (loss)	Balance, September 31, 2022
13MG DCL Investment Partners LLC	50%	\$ -	\$ -	550,000	(264,947)	\$ 285,053

The following table summarizes key financial information for the joint venture as at September 30, 2022:

13MG DCL Investment Partners LLC	September 30, 2022
Accounts receivable	\$ 550,000
Digital assets - non-fungible tokens	196,101
Accounts payable	175,995
Share capital	1,100,000
Accumulated deficit	(529,894)

The accumulated deficit consists of the loss of the year which is the impairment of the digital assets – non-fungible tokens.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Nine Months Ended September 30, 2022	Twelve Months Ended December 31, 2021
Accounts payable and accrued liabilities	\$ 548,467	\$ 1,630,687
DSU liability	120,639	531,766
Contingency consideration	226,871	-
Deferred revenue	155,700	-
	\$ 1,051,677	\$ 2,162,453

10. LOAN PAYABLE

On January 18, 2022, the Company drew down a total of \$1,000,000 in USDC on an open loan facility with Genesis Global Capital, LLC (“Genesis”) incurring interest of 11.00% (December 31, 2021 – nil). On May 12, 2022, the Company made a principal repayment of \$525,000 in USDC. For the nine months ended September 30, 2022, the Company incurred interest expense of \$54,685 (December 31, 2021 - \$18,716).

As at September 30, 2022, 302,119 Polkadot tokens were held by Genesis as collateral for the loan facility (See Note 4).

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11. WARRANT LIABILITY

Due to the exercise price of warrants being in Canadian dollars and the functional and reporting currency of the Company being United States dollars, certain warrants, upon exercise, may result in a variable number of shares being issued for a fixed price. Therefore, the Company records these warrants as a financial liability. These warrants are subsequently re-measured at fair value at each reporting date and any gain or loss is recorded to net income.

	Exercise price (CA\$)	Warrants	Warrant Liability
Balance December 31, 2020	\$ -	-	\$ -
Issued	1.15	8,888,950	12,771,515
Loss on initial fair value measurement		-	3,765,054
Exercised	1.15	(125,000)	(161,085)
Gain on revaluation		-	(1,119,249)
Balance December 31, 2021	\$1.15	8,763,950	\$ 15,256,235
Gain on revaluation		-	(14,830,615)
Balance September 30, 2022	\$1.15	8,763,950	\$ 425,620

As at September 30, 2022, the fair value of warrants was established using the Black Scholes fair value option pricing model using the following assumptions: 2.13 years remaining expected life (December 31, 2021 – 2.9 years), volatility of 117.25% (December 31, 2021 – 138%), risk free interest rate of 3.76% (December 31, 2021 – 1.02%), share price of CA\$0.23 (US\$0.17) [(December 31, 2021 – CA\$2.56 (US\$2.00)] and an expected dividend yield of 0% (December 31, 2021 – 0%).

12. SHARE CAPITAL**a) Authorized Share Capital**

Authorized share capital consists of an unlimited number of voting common shares without par value and an unlimited number of preferred shares, issuable in series. All issued shares are fully paid. No dividends have been paid or declared by the Company since inception.

b) Share split

On April 28, 2021, COIN completed a share consolidation at a rate of 1:11.986 for all of its issued common shares (“COIN share consolidation”), resulting in a reduction in the issued shares as at December 31, 2020 from 14,654,730 to 1,222,573 common shares.

The COIN share consolidation also resulted in a reduction in shares issued for exercise of stock options at the closing date from 1,200,000 to 177,278 common shares.

On April 28, 2021, Tokens completed a share split at a rate of 3.133:1 (“Tokens share split”) for its common shares, resulting in an increase in the shares issued to the COIN shareholders for the RTO from 12,868,131 to 40,315,854 common shares.

The loss per share and the weighted average common shares outstanding disclosed in these consolidated statements of loss and comprehensive loss for the year ended December 31, 2021 have been adjusted to reflect both the COIN share consolidation and the Tokens share split. All other share capital, stock options, warrants, DSUs and RSUs amounts in the consolidated statement of equity and financial statement note disclosures have been retroactively adjusted to reflect the share split unless stated otherwise.

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c) Common shares

The changes in common shares are as follows:

- i. On March 16, 2021, the Company closed a private placement for gross proceeds of CA\$25,000,146 (US\$19,866,917) from the sale of subscription receipts of Tokens at a price of CA\$0.75 (US\$0.60) per subscription receipt. The offering was comprised of: (i) a brokered private placement of 27,637,543 subscription receipts for aggregate gross proceeds of CA\$20,730,363 (US\$16,473,884) that closed on March 10, 2021, and (ii) a non-brokered private placement of 5,692,438 subscription receipts for aggregate gross proceeds of CA\$4,269,783 (US\$3,393,087) that closed on March 16, 2021. Upon completion of the RTO, the sub-receipts were exchanged for common shares of the Company. In connection with the financing, the Company paid the agents a cash commission and advisory fee in the aggregate amount of CA\$1,443,006 (US\$1,151,517), and (ii) issued the agents an aggregate of 1,775,381 compensation warrants, each of which is exercisable into one share at a price of CA\$0.75 (US\$0.60) per Tokens Share for a period of 24 months following the closing of the RTO. The warrants were assigned a value of \$754,814 (CA\$949,841) using the Black-Sholes fair value option pricing model using the following assumptions: two year expected average life, volatility of 152%, risk free interest rate of 0.31%; and an expected dividend yield of 0%.
- ii. On May 18, 2021, the Company issued 76,766 common shares at a price of CA\$0.69 (US\$0.57) in settlement for a trade payable in the amount of \$70,172, resulting in a gain on settlement of \$26,315.
- iii. On October 14, 2021, the Company issued 2,000,000 common shares at a price of CA\$0.84 (US\$0.68) for the acquisition of 25,000,000 common shares in Metaverse Group Ltd. (see Note 6).
- iv. On November 16, 2021, the Company closed a private placement for gross proceeds of CA\$16,000,110 (US\$12,749,092) from the sale of common share units of Tokens at a price of CA\$0.90 (US\$0.72) per unit. The offering was comprised of: (i) a brokered private placement of 17,157,345 units for aggregate gross proceeds of CA\$15,441,610 (US\$12,304,072), and (ii) a non-brokered private placement of 620,555 units for aggregate gross proceeds of CA\$558,500 (US\$445,013). Each unit comprised one common share plus one-half of a common share warrant, with each full warrant exercisable into one common share at a price of CA\$1.15 for a period of three years following the closing of the private placement. The warrants were assigned a fair value of \$16,536,569 which an amount of \$3,765,054 was expensed immediately because the fair value of warrants exceeded the gross proceeds of units, using the Black-Sholes fair value option pricing model using the following assumptions: three year expected average life, volatility of 138%, risk free interest rate of 1.15%; and an expected dividend yield of 0% and recorded as an accrued liability.

In connection with the financing, the Company paid the agents a cash commission and advisory fee in the aggregate amount of CA\$912,006 (US\$726,686), and (ii) issued the agents an aggregate of 1,013,339 compensation warrants, each of which is exercisable into one unit at a price of CA\$0.90 per Tokens Share for a period of 36 months following the closing of the private placement. Each unit is comprised of one common share plus one-half of one common share purchase warrant, with each full warrant exercisable into one common share at a price of CA\$1.15 for a period of three years following the closing of the private placement. The warrants were assigned a value of \$2,402,739 using the Black-Sholes fair value option pricing model using the following assumptions: three year expected average life, volatility of 138%, risk free interest rate of 1.93%; and an expected dividend yield of 0%.

- v. On December 31, 2021, the Company issued 65,000 common shares in settlement of 65,000 RSU's that vested on that date.

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12. SHARE CAPITAL (continued)

- vi. During the year ended December 31, 2021, a total of 483,856 stock options were exercised for proceeds of \$59,659. The options had a fair value of \$204,798 which upon exercised was debited from contributed surplus and credit to share capital.
- vii. During the year ended December 31, 2021, a total of 887,694 warrants were exercised for proceeds of \$487,345. The warrants had a fair value of \$375,919 which upon exercised was debited from contributed surplus and credit to share capital.
- viii. During the nine months ended September 30, 2022, a total of 434,780 warrants were exercised for proceeds of \$257,124. The warrants had a fair value of \$183,680 which upon exercised was debited from contributed surplus and credit to share capital.
- ix. During the nine months ended September 30, 2022, a total of 18,798 stock options were exercised for proceeds of \$1,504. The options had a fair value of \$11,388 which upon exercised was debited from contributed surplus and credit to share capital.
- x. On August 8, 2022, the Company issued 1,000,000 common shares at a price of CA\$0.395 (US\$0.29) for the acquisition of 2839950 Ontario Inc.

Outstanding options and warrants have not been considered in the calculation of diluted earnings because they are anti-dilutive.

d) Stock Options

On April 23, 2021, the shareholders approved an incentive plan under which it is authorized to grant options, deferred share units, restricted share units, performance share units and stock appreciation rights to directors, employees and consultants to acquire up to 10% of the issued and outstanding common shares.

Details of stock option transactions are as follows:

Tokens.com Corp.	Number of options	Weighted average exercise price of options
Outstanding, December 31, 2020	2,189,967	\$ 0.08
Cancelled	(815,763)	(0.18)
Exercised	(483,856)	(0.12)
Granted	550,000	0.29
Outstanding, December 31, 2021	1,440,348	\$ 0.35
Cancelled	(225,000)	(1.90)
Exercised	(18,798)	(0.08)
Granted	687,500	0.84
Outstanding, September 30, 2022	1,884,050	\$ 0.19

The fair value of share price at the time of exercise ranged between \$0.17 (CA\$0.23) and \$2.36 (CA\$3.02)

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The following table summarizes the information regarding Tokens stock options outstanding as at September 30, 2022:

Exercise price per share	Number outstanding	Number exercisable	Weighted average exercise price	Weighted average life
CA\$0.45	462,500	-	CA\$0.45	4.25
CA\$0.46	325,000	-	CA\$0.46	3.92
US\$0.08	1,096,550	156,650	US\$0.08	8.17
	1,884,050	156,650	US\$0.08	6.47

The following table summarizes the information regarding Tokens stock options outstanding as at December 31, 2021:

Exercise price per share	Number outstanding	Number exercisable	Weighted average exercise price	Weighted average life
CA\$0.46	325,000	-	CA\$0.46	3.92
US\$0.08	1,115,348	175,448	US\$0.08	8.92
	1,440,348	175,448	US\$0.08	7.79

On April 28, 2021, the Company granted 150,000 stock options to a consultant. The options have an exercise price of CA\$0.75 (US\$0.55) and expire 5 years from the date of the grant. The fair value of each option was estimated on the date of the grant at CA\$0.68 (US\$0.50) per option using a Black-Scholes fair value option pricing model. The options were cancelled on September 30, 2021.

On September 1, 2021, the Company granted 400,000 stock options to an officer of the Company. The options have an exercise price of CA\$0.46 (US\$0.34) and expire 5 years from the date of the grant. The fair value of each option was estimated on the date of the grant at CA\$0.42 (US\$0.31) per option using a Black-Scholes fair value option pricing model.

On January 1, 2022, the Company granted 225,000 stock options to consultants. The options have an exercise price of CA\$2.61 (US\$2.05) and expire 5 years from the date of grant. The fair value of each option was estimated on the date of the grant at CA\$2.37 (US\$1.87) per option using a Black-Scholes fair value option pricing. These stock options were subsequently cancelled on July 1, 2022.

On July 18, 2022, the Company granted 462,500 stock options to consultants. The options have an exercise price of CA\$0.45 (US\$0.33) and expire 5 years from the date of grant. The fair value of each option was estimated on the date of the grant at CA\$0.38 (US\$0.28) per option using a Black-Scholes fair value option pricing.

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The following assumptions were used for options issued:

	July 2022	January 2022	2021
Risk-free interest rate	1%	0.25%	0.76%
Volatility	111.19%	113.93%	150%
Weighted average share price	\$0.39	\$2.60	\$0.43
Weighted average exercise price	\$0.45	\$2.61	\$0.43
Dividend yield	0%	0%	0%
Forfeiture rate	0%	0%	0%
Expected life of options	4.45 years	5 years	5 years

Volatility was based upon comparable trading entities.

For the nine months ended September 30, 2022, the Company recorded share-based compensation expense of \$447,951 (twelve months ended December 31, 2021 - \$159,260) pertaining to stock options.

Metaverse Group Ltd.

	Number of options	Weighted average exercise price of options
Outstanding, December 31, 2021 and September 30, 2022	5,900,000	\$ 0.10

The following table summarizes the information regarding Metaverse stock options outstanding as at September 30, 2022:

Exercise price per share	Number outstanding	Number exercisable	Weighted average exercise price	Weighted average life
CA\$0.09	5,500,000	4,125,000	CA\$0.09	4.38
CA\$0.22	400,000	125,000	CA\$0.22	4.43
	5,900,000	4,250,000	CA\$0.09	4.38

The following table summarizes the information regarding Metaverse stock options outstanding as at December 31, 2021:

Exercise price per share	Number outstanding	Number exercisable	Weighted average life
CA\$0.09	5,500,000	-	4.78
CA\$0.22	400,000	-	4.92
	5,900,000	-	4.79

From October 6, 2021 to December 1, 2021, Metaverse Group Ltd. granted a total of 5,900,000 stock options to officers, directors and consultants. The options have exercise prices between \$0.07 and \$0.17 and expire 5 years from the date of the grant. The fair value of options was estimated on the date of the grant between \$0.04 and \$0.05 per option using a Black-Scholes fair value option pricing model. The following assumptions were used for options issued: risk-free interest rate of 0.86%, volatility of 150%, share price of \$0.07, exercise price of \$0.10, dividend yield of 0%, forfeiture rate of 0%, and expected life of options of 5 years. Volatility was based upon comparable trading entities.

For the nine months ended September 30, 2022, Metaverse Group Ltd. recorded share-based compensation expense of \$131,684 (twelve months ended December 31, 2021 - \$122,326) pertaining to stock options.

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Hulk Labs Corp.

	Number of options	Weighted average exercise price of options
Granted and outstanding, September 30, 2022	1,600,000	\$ 0.02

On July 1, 2022, Hulk Labs Corp. granted a total of 1,600,000 stock options to officers, directors and consultants. The options have an exercise price of \$0.025 and expire 5 years from the date of the grant. The fair value of options was estimated on the date of the grant at \$0.019 per option using a Black-Scholes fair value option pricing model. The following assumptions were used for options issued: risk-free interest rate of 3.10%, volatility of 100.2%, share price of \$0.03, exercise price of \$0.025, dividend yield of 0%, forfeiture rate of 0%, and expected life of options of 5 years. Volatility was based upon comparable trading entities.

The following table summarizes the information regarding Hulk Labs stock options outstanding as at September 30, 2022:

Exercise price per share	Number outstanding	Number exercisable	Weighted average life
CA\$0.03	1,600,000	-	4.75
	1,600,000	-	4.75

For the nine months ended September 30, 2022, Hulk Labs Corp. recorded share-based compensation expense of \$7,767 (twelve months ended December 31, 2021 - \$nil) pertaining to stock options.

e) Deferred Share Units (“DSU’s”) and Restricted Stock Units (“RSU’s”)

During the year ended December 31, 2021, the Company granted a total of 270,000 DSU’s of the Company to three directors of the Company, which vested on April 28, 2022, and an additional 90,000 DSU’s of the Company to a fourth director of the Company, of which 80,000 vested on May 20, 2022, and 10,000 on November 8, 2022.

During the year ended December 31, 2021, the Company granted 65,000 RSU’s of the Company to a consultant, each having a value of CA\$0.72 based on the fair market value of the common shares on the last date prior to the date of grant, which vest on December 31, 2021. 65,000 common shares of the Company were issued to the consultant on December 31, 2021, to settle the Company’s obligation.

On May 1, 2022, the Company granted a total of 190,000 DSU’s to four Directors, each having a value of CA\$0.56 based on the fair market value of the common shares on the last date prior to the date of grant. The DSUs have all vested as at September 30, 2022.

On August 1, 2022, the Company granted a total of 146,000 DSU’s to four Directors, each having a value of CA\$0.39 based on the fair market value of the common shares on the last date prior to the date of grant. The DSUs have all vested as at September 30, 2022.

All DSU’s were revalued on September 30, 2022, to a price of CA\$0.225 (US\$0.16) and the corresponding liability adjusted in accounts payable and accrued liabilities.

For the nine months ended September 30, 2022, the Company recorded share-based compensation expense reversal of \$411,127 (twelve months ended December 31, 2021 – expense of \$660,205) pertaining to DSU’s as a result of the revaluation above.

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As at September 30, 2022, the Company had a total of 736,000 DSU's (December 31, 2021 – 360,000 RSU's) outstanding and had recorded a liability at fair value of \$120,639 (December 31, 2021 - \$531,766) related to DSU's included within accounts payable and accrued liabilities.

f) Warrants

	Number of warrants	Weighted average exercise price of warrants
Outstanding, December 31, 2020	-	\$ -
Issued	2,788,720	0.65
Exercised	(887,694)	0.61
Outstanding, December 31, 2021	1,901,020	\$ 0.77
Exercised	(434,780)	0.75
Outstanding, September 30, 2022	1,466,240	\$ 0.82

13. RISK MANAGEMENT

The Company's financial instruments are exposed to the following financial risks:

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. Financial instruments which are potentially subject to credit risk for the Company consist of cash.

The Company has credit exposure relating to accounts receivable and other of \$382,618 (December 31, 2021 - \$418,343). The expected credit loss is not significant.

The carrying amount of financial assets represents the maximum credit exposure. The Company has credit exposure at September 30, 2022 relating to cash of \$5,867,573 (December 31, 2021 – \$9,741,810). All cash is held at a Canadian chartered bank (December 31, 2021 - \$1,349,131 was held in trust by two cryptocurrency exchanges regularly used by the Company).

Currency risk

The Company generates all revenue in United States dollars but expenses are incurred in both U.S. and Canadian dollars, exposing the Company to fluctuations in earnings from volatility in foreign currency rates. The fluctuation in foreign currencies in relation to the United States dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of equity. Management however concludes the exposure to currency risk is not material and the Company does not utilize any financial instruments or cash management policies to mitigate such currency risks. As at September 30, 2022, the Company held \$3,412,889 (December 31, 2021 - \$8,384,992) denominated in Canadian dollars. A 10% change in the foreign exchange rate would result in an impact of \$341,289 (December 31, 2021 - \$659,731) on the Company's operations.

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13. RISK MANAGEMENT (continued)**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly with respect to ensuring the sufficiency of funds for working capital and commitments. The Company monitors the maturity dates of existing accounts payable and accrued liabilities, loans payable, and commitments to mitigate this risk. The Company manages company-wide cash projections centrally and regularly updates projections for changes in business and fluctuations cause in digital currency prices and exchange rates. The Company's financial liabilities are comprised of loan payable, accounts payable and accrued liabilities. As at September 30, 2022, loan payable, accounts payable and accrued liabilities of \$1,023,467 are expected to mature within one year (December 31, 2021 – accounts payable and accrued liabilities of \$1,643,310 expected to mature within one year, and balance of \$528,143 expected to mature within the next two to five years).

Fair Value Risk

Due to their short-term nature, the carrying value of cash, accounts receivable and other, loan payable, and accounts payable and accrued liabilities, approximate their fair value.

14. RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of September 30, 2022, the Company's key management personnel consists of its directors and senior management. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were:

	Nine months ended September 30, 2022	Year ended December 31, 2021
Management fees and salaries	\$ 408,455	\$ 529,251
Share-based compensation	(138,938)	779,891
	\$ 269,517	\$ 1,309,142

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15. FAIR VALUE MEASUREMENT

Non-financial assets and financial assets measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices 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 or indirectly;

Level 3: Inputs that are not based on observable market data.

September 30, 2022	Level 1	Level 2	Level 3	Total
Digital assets - cryptocurrency		7,404,052		7,404,052
Warrant liability		425,620		425,620
Contingent consideration		226,871		226,871
DSU liability	120,639			120,639

December 31, 2021	Level 1	Level 2	Level 3	Total
Digital assets - cryptocurrency		25,174,634		25,174,634
Warrant liability		15,256,235		15,256,235
Contingent consideration		-		-
DSU liability	531,766			531,766

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to acquire more digital assets and fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any external capital requirements imposed by a regulator.

17. REVENUE

	Nine Months Ended		Twelve Months Ended	
	September 30, 2022		December 31, 2021	
Staking revenue	\$	552,493	\$	892,289
Consulting revenue		25,925		188,471
Leasing revenue		94,959		-
Gaming revenue		4,892		-
Total revenue	\$	678,269	\$	1,080,760

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18. OPERATING EXPENSES

	Nine Months Ended September 30, 2022	Twelve Months Ended December 31, 2021
Cost of revenue	\$ 27,641	\$ 34,655
Management fees and salaries	408,455	644,096
General and administrative	355,453	268,279
Professional fees	807,190	1,129,699
Investor relations	743,370	1,252,030
Regulatory	151,298	124,194
Share-based payments	176,275	975,553
Listing expense	-	1,882,602
Total operating expenses	\$ 2,669,682	\$ 6,311,108

19. SUPPLEMENTARY CASH FLOW INFORMATION

	Nine Months Ended September 30, 2022	Twelve Months Ended December 31, 2021
Accounts receivable	\$ 35,725	\$ -
Prepaid expenses	147,094	(154,938)
Taxes recoverable	-	(129,313)
Accounts payable and accrued liabilities	(646,302)	283,158
	\$ (463,483)	\$ (1,093)

20. INCOME TAXES

The income tax expense attributable to earnings differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.5% (26.5% as at December 31, 2021) to loss before income taxes as a result of the follows:

	September 30, 2022	December 31, 2021
Loss before income taxes	\$ (5,727,479)	\$ (9,200,619)
Expected income tax (recovery)	(1,517,782)	(2,438,164)
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	-	(115,255)
Share-based payments	46,713	271,086
(Gain) loss on revaluation of warrant liability - non-cash	(3,930,113)	701,138
Transaction and listing expense	-	277,498
(Gain) loss on revaluation of contingency consideration	(11,799)	-
Share of loss of investment in joint venture	70,211	-
Deferred tax asset not recognized (recognized)	5,490,031	407,023
Other	37,926	(21,843)
	\$ 185,187	\$ (918,517)

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Composition of deferred income taxes in the income statement

	September 30, 2022	December 31, 2021
Origination and reversal of temporary differences	\$ (5,304,844)	\$ (1,325,540)
Deferred tax asset not recognized	5,490,031	407,023
	\$ 185,187	\$ (918,517)

Movement of deferred income tax in 2022:

	Balance, December 31, 2021	Recognized in profit and loss	Recognized in other comprehensive income	Recognized in equity	Recognized in business combination	Balance, September 30, 2022
Digital assets	\$ (1,215,028)	\$ 131,851	\$ 1,083,177	\$ -	\$ -	\$ -
Share issued costs	1,185,032	-	-	(1,185,032)	-	-
Non-capital losses	29,996	(29,996)	-	-	-	-
Total	\$ -	\$ 101,855	\$ 1,083,177	\$ (1,185,032)	\$ -	\$ -

Movement of deferred income tax in 2021:

	Balance, December 31, 2020	Recognized in profit and loss	Recognized in other comprehensive income	Recognized in equity	Recognized in business combination	Balance, December 31, 2021
Digital assets	\$ -	\$ 888,521	\$ (1,411,119)	\$ -	\$ (692,430)	\$ (1,215,028)
Share issued costs	-	-	-	1,185,032	-	1,185,032
Non-capital losses	-	29,996	-	-	-	29,996
Total	\$ -	\$ 918,517	\$ (1,411,119)	\$ 1,185,032	\$ (692,430)	\$ -

As of September 30, 2022, the Company had the following deductible temporary differences on which no deferred tax asset was recorded:

	September 30, 2022
Digital assets - cryptocurrency	\$ 15,011,555
Digital assets - non-fungible tokens	\$ 1,149,082
Non-capital losses	6,092,402
	\$ 22,253,039

As of September 30, 2022, the Company had the following non-capital tax losses on which no deferred tax asset was recorded, expiring as follows:

Expiry date	September 30, 2022
September 30, 2041	\$ 1,649,127
September 30, 2042	4,443,275
	\$ 6,092,402

The ability to realize the tax benefits of these non-capital losses is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, some deferred tax assets have not been recognized. These deferred tax assets not recognized equal an amount of \$5,897,054 (December 31, 2021 - \$407,023).

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21. SEGMENT INFORMATION**Reportable segments**

The Company has assessed the structure of its internal management financial reporting and is reporting its financial results for the following three operating segments, which are also its reportable segments: (i) staking, (ii) metaverse services; and (iii) play-to-earn gaming. These segments reflect how the Company's and its subsidiaries' operations are managed, and how each of the chief operating decision maker ("CODM") of each reportable segment allocates resources and evaluates performance.

The staking operations occur within Tokens.com, which is a wholly owned subsidiary of the Company. Crypto staking is the process of validating blocks for a blockchain, during which the Company is rewarded for maintaining ownership of the related tokens. The metaverse services operation occurs within the Metaverse Group subsidiary. Metaverse Group drives revenue by offering the following services: metaverse strategy services, environment development services, digital land rental, and partnerships. The play-to-earn gaming operation occurs within the Hulk Labs subsidiary. Hulk Labs generates revenue by acquiring both fungible and non-fungible tokens and uses these tokens to generate a return by either staking or delegating the use of its game assets to interested players. The Company's CODM evaluates the performance of these two segments focusing on (i) segmented revenue, (ii) segmented gross margin, and (iii) segmented operating income (loss), excluding share-based payments.

The accounting policies of each segment are the same as those disclosed in the summary of significant accounting policies in Note 2.

	Nine Months Ended September 30, 2022	Twelve Months Ended December 31, 2021
Segmented revenue		
Staking	\$ 578,418	\$ 1,080,760
Metaverse services	94,959	-
Play-to-earn gaming	4,892	-
	\$ 678,269	\$ 1,080,760
Segmented gross margin		
Staking	\$ 557,128	\$ 1,046,107
Metaverse services	94,959	-
Play-to-earn gaming	(1,459)	-
	\$ 650,628	\$ 1,046,107
Segmented operating loss		
Staking	\$ (14,249,633)	\$ (7,260,584)
Metaverse services	(4,939,602)	-
Play-to-earn gaming	(430,144)	-
	\$ (19,619,379)	\$ (7,260,584)
Foreign exchange gain (loss)	(884,029)	270,966
Gain (loss) on revaluation of warrant liability	14,830,615	(2,645,805)
Finance expense	(54,686)	(28,983)
Finance income	-	2,548
Other gain or loss	-	461,239
Net loss before income taxes	\$ (5,727,479)	\$ (9,200,619)

Asset information by segment is not provided to, or reviewed by, the Company's CODM as it is not used to make strategic decisions, allocate resources, or assess performance.

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22. SUBSEQUENT EVENT

On October 5, 2022, the Company issued 1,206,540 DSUs to its four Directors, which will vest on September 30, 2023.