



THEXCHANGE

REVENUE MODEL & VALUATION

TECHNOLOGY

To date, an approximate total of 89,000 development hours has been invested in developing the VirtualStaX ecosystem. TheXchange's internal Tech, Product and Design teams work closely with 3 external development teams to deliver the VirtualStaX platform:



Specialist blockchain and exchange development.



Specialist mobile, web app and backend development.



Specialist user experience & user interface design.

THE PLATFORM

The VirtualStaX platform is deployed on a geographically distributed, high-availability cloud infrastructure that serves two mobile applications. Core components of the platform include:



VIRTUALSTAX MOBILE APP

Issuing and trading StaX is achieved exclusively through two mobile apps. One app for issuers and one app for fans. Identity verification is a requirement to use either of the apps, protecting both parties and resulting in a marketplace where users can trade with confidence.



VIRTUALSTAX CREATION ENGINE

StaX are automatically generated for an issuer through the VirtualStaX Creation Engine. The style of VirtualStaX created by the platform is standardized to look like a typical trading card. This aids in equalizing the value of StaX and NFTs across different industries: The value of an issuer's StaX is primarily determined by the popularity of the issuer with less emphasis on its design.



AUCTION PLATFORM

The auction platform serves to establish a consensus of fair market value for a new issuer's StaX. Rare and unique VirtualStaX are individually sold by auction.



TRADING PLATFORM

A scalable exchange engine is integrated into the ecosystem to support high-volume trading that caters to both novice and advanced traders.

THE PLATFORM



GLOBAL PERFORMANCE ALGORITHM

The Global Performance Index (GPX) defines a global standard at which to measure the value and viability of people and their NFTs which can be used beyond TheXchange. Value determined by the GPX is not limited to a specific industry or sport but applies globally across all the exchanges hosted on the ecosystem.



PROOF OF OWNERSHIP

StaX are traded exclusively on TheXchange platform, however, each StaX transaction processed by the exchange engine is recorded on a public distributed ledger: proof of ownership is absolute and verifiable. Owners of Special StaX can elect to bridge these out of the VirtualStaX platform to trade them on existing NFT marketplaces.



SOCIAL MEDIA PLATFORM

Social interaction between issuers and fans is an integral part of the platform. Issuers can engage live and directly through the VirtualStaX App with their VirtualStaX holders, their fans or the public at large through the platform to increase their fan base and promote the sale of their VirtualStaX.



E-COMMERCE

In addition to being an NFT marketplace, TheXchange platform will add further value by providing issuers the option of hosting their online store with customized merchandising within the ecosystem.

HISTORICAL SNAPSHOT

CORPORATE STRUCTURE:

TheXchange Group was incorporated in the Republic of Singapore during 2017, as a start-up, consisting of a Holding Company and Operating Company. Due to the regulatory blockchain environment in Singapore, the need arose to establish TheXchange's structure in jurisdictions that enforce a progressive, transparent and credible outlook on the registration and licensing of projects that utilize distributed ledger technology. The Group subsequently incorporated in Cayman Islands and Gibraltar. The operating company is situated in the Cayman Islands and the Digital Security Listing Company is situated in Gibraltar.

FINANCIAL OVERVIEW:

Total capital raised life to date in excess of \$15,000,000. The business commenced operations in early 2017. Majority of funding received has been spent on software development. The digital security asset was officially launched on 30 July 2021. The company's burn rate is currently \$450K on average per month which is expected to increase to \$800,000 by Q1 2022. The bulk of future expenditure is earmarked for marketing. The launch of the application coincides with the expansion of the development team to aggressively roll out our feature set and ensure our competitive advantage stays intact.

TECH OVERVIEW:

Development started in early 2018 on the SportXchange App. Early 2020 saw the migration from a SportXchange App to a VirtualStaX App because of the restraint imposed by lockdown on the global launch of a Sporting App. Version 1 of the VirtualStaX App was completed in on 10 December 2021. More than 189,000 development hours have been invested in the platform to date. Future road map sees Version 2 launch in Q2 2022 and a follow up launch of Version 3 later in 2022. The technical components that make up the product include (and is not limited to) smart contracts on the blockchain, a trading engine in C++, web and back end built, front-end mobile apps for Android and iOS and various front-end websites.

LEGAL OVERVIEW:

TurnCoin is offered in terms of Rule 506(c) of Regulation D of the SEC Securities Act. TheXchange's rounds of funding, including the current round opened as of 15 December 2021, are all accompanied by a compliant Form D filing with the SEC, a comprehensive Private Placement Memorandum and a Subscription Agreement.

TURNCOIN LTD – DIGITAL SECURITY STRUCTURE

One Billion TurnCoin has been minted on the Ethereum blockchain. 50% are tradeable and the rest are permanently locked. This means 50% of all TurnCoin can never be sold and are held in perpetuity by the Development Company.

Each holder of TurnCoin is entitled to a monthly share of the gross revenue generated by TheXchange Platform as detailed in the PPM. 100% of the Global gross-revenue of TheXchange is distributed to TurnCoin holders automatically every month via smart contracts. Revenue is generated via transaction fees from the sale of VirtualStaX.



VIRTUALSTAX™

GLOBAL BUSINESS MODEL

BUSINESSSTAX™
FINANCIAL TECHNOLOGY

BRIAN J. TORRES
STAR LEADER

MARKET PRICE \$7,823.12
24 HOURS ▲ 3.1%
CIRCULATION 9,750
MARKET CAP \$76,558.170
CHARITABLE GIVING 26%

OWNER: BRIEJ20 \$ DEMO

BASESTAX™ CERTIFICATE
OWNER: BRIEJ20
BASESTAX AMOUNT: 2.0756751



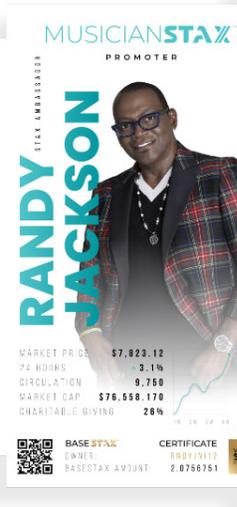
MUSICIANSTAX™
PROMOTER

RANDY JACKSON
STAR AMBASSADOR

MARKET PRICE \$7,823.12
24 HOURS ▲ 3.1%
CIRCULATION 9,750
MARKET CAP \$76,558.170
CHARITABLE GIVING 26%

OWNER: RANDJ21 \$ DEMO

BASESTAX™ CERTIFICATE
OWNER: RANDJ21
BASESTAX AMOUNT: 2.0756751



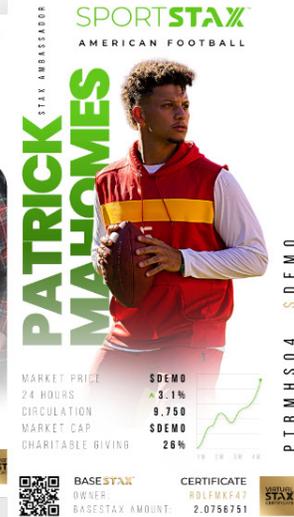
SPORTSTAX™
AMERICAN FOOTBALL

PATRICK MALHOMES
STAR AMBASSADOR

MARKET PRICE \$ DEMO
24 HOURS ▲ 3.1%
CIRCULATION 9,750
MARKET CAP \$ DEMO
CHARITABLE GIVING 26%

OWNER: PTRMHS04 \$ DEMO

BASESTAX™ CERTIFICATE
OWNER: PTRMHS04
BASESTAX AMOUNT: 2.0756751



SPORTSTAX™
AMERICAN FOOTBALL

DREW BREEFS
STAR AMBASSADOR

MARKET PRICE \$7,823.12
24 HOURS ▲ 3.1%
CIRCULATION 9,750
MARKET CAP \$76,558.170
CHARITABLE GIVING 26%

OWNER: DRWBRS99 \$ DEMO

BASESTAX™ CERTIFICATE
OWNER: DRWBRS99
BASESTAX AMOUNT: 2.0756751



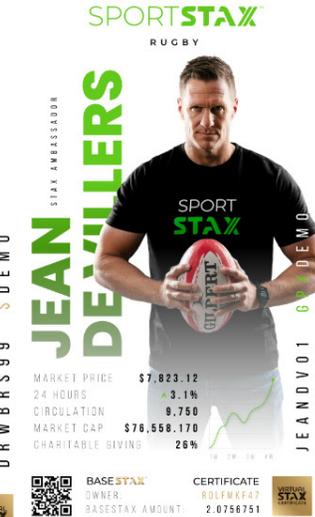
SPORTSTAX™
RUGBY

JEAN DEVILLERS
STAR AMBASSADOR

MARKET PRICE \$7,823.12
24 HOURS ▲ 3.1%
CIRCULATION 9,750
MARKET CAP \$76,558.170
CHARITABLE GIVING 26%

OWNER: JEANDV01 \$ DEMO

BASESTAX™ CERTIFICATE
OWNER: JEANDV01
BASESTAX AMOUNT: 2.0756751



ESPORTSTAX™
PRO-GAMER

OLIVIO BIANCHI
STAR LEADER

MARKET PRICE \$7,823.12
24 HOURS ▲ 3.1%
CIRCULATION 9,750
MARKET CAP \$76,558.170
CHARITABLE GIVING 26%

OWNER: JULIOB21 \$ DEMO

BASESTAX™ CERTIFICATE
OWNER: JULIOB21
BASESTAX AMOUNT: 2.0756751



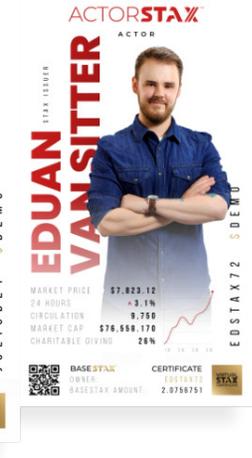
ACTORSTAX™
ACTOR

EDUAN VAN SITTER
STAR LEADER

MARKET PRICE \$7,823.12
24 HOURS ▲ 3.1%
CIRCULATION 9,750
MARKET CAP \$76,558.170
CHARITABLE GIVING 26%

OWNER: EDSTAX72 \$ DEMO

BASESTAX™ CERTIFICATE
OWNER: EDSTAX72
BASESTAX AMOUNT: 2.0756751



VIRTUALSTAX

WHAT ARE VIRTUALSTAX?

They are digital collectible cards but instead of being simply a collectible, these cards offer talented people a way to showcase their performance and monetise it at the same time. People can provide their fans/supporters with proximity to their journey and generate income by doing this. VirtualStaX have been divided into Base StaX and Collector StaX. Talented people are called Issuers on TheXchange Platform.

BASE STAX:

Each issuer will receive a total of 100,000 Base StaX that will be sold on an auction over a 10 day period. They are non-divisible in nature which means you cannot own a fraction of a Base StaX, only whole StaX. The total value of the Initial StaX Offering (ISO) raised via the auction will determine the Base StaX price for each issuer. 90% of the value raised via the auction will flow directly to the issuer and 10% to TheXchange Group. The Base StaX price will fluctuate according to the normal market trends of demand and supply. Base StaX can also be sold peer to peer on the secondary market. 1% of each trade on the secondary market will flow to the issuer and 1% to TheXchange Group.

COLLECTOR STAX:

This form of StaX can only be obtained by swapping Base StaX for a Collector StaX. This form of StaX offers a utility. Base StaX collected via swapping will be reintroduced as sell orders on the market automatically over a period of time at the last base StaX sales price. This re-introduction of base StaX will have the same fee structure as the ISO (90% to the issuer and 10% to TheXchange Group).

WHAT IS COLLECTOR STAX?

They are rare NFT (non fungible) trading cards that have visual appeal and thus are collectible. They can only be obtained by swapping Base StaX in exchange. Collector StaX can be sold on the StaX marketplace. Secondary market sales of Collector Stax carries a 5% fee (2.5% to the Issuer and 2.5% to TheXchange Group). There are three forms of Collector Stax that will be made available, and each will have their own unique benefits.

TURNCOIN – REVENUE MODEL

TheXchange Group derives its revenue from every transaction on the StaX Platform, where the revenue, in turn, is derived from the sale of:

- 10% of the gross sales revenue from every VirtualStaX issued and sold on the Platform,
- 2.5% of the gross sales revenue from every Base StaX converted to Collector StaX and sold on the Platform,
- 1% transaction fee calculated on the gross transaction amount on every buy/sell, trade or swop of VirtualStaX.

Transactional revenue derived from issued Base StaX will be the main revenue stream representing more than 90% of total revenue of TheXchange.

A maximum amount of 100,000 Base StaX will be available to be issued per talented person, in their lifetime.

The utility of StaX, amongst others, lies in its ability to provide holders with exclusivity and proximity towards a particular Talented Person, as well as providing the Talented Person with a support system and the ability to raise capital to fund their talent.

We have split talent into two segments, namely pro's, and amateurs.

In our financial projections we started with a baseline assumption that we will launch the VirtualStaX App with only 25 pro's and 250 amateurs. We envisage a monthly incremental linear growth rate of 30%.

We furthermore estimate the raise per issuer and per segment to be \$500,000 and \$50,000 respectively. This represents an average StaX Price of \$5.00 and \$0.50 respectively.

As a value-add proposition for both the issuer and the buyer, the issuer has been given the opportunity to issue limited edition Collector StaX (NFT's) in exchange for Base StaX.

These NFT's can only be obtained through purchasing of Base StaX and thus will have a dramatic effect on the price of Base StaX which is advantageous to both the buyer and the issuer.

The issuer will release the Base StaX obtained via this methodology back into the market and effectively re-issue its own Base StaX, the transactions on which Turncoin will collect an additional 10% fee, in perpetuity.

ASSUMPTIONS	PRO'S	AMATEURS
Number of Issuers to be attracted to the platform	25	250
Number VirtualStaX per Issuer (Talented Person)	100 000	100 000
Ave. Price / VirtualStaX	\$5.00	\$0.50
Total VSO Raise per Issuer	\$500 000	\$50 000
ISO Gross Income Percentage to TurnCoin	10.0%	10.0%
ISSUER INCREMENTAL: Monthly User Growth Rate	30.0%	30.0%

As a value-add proposition for both the issuer and the buyer, the issuer has been given the opportunity to issue limited edition Collector StaX (NFT's) in exchange for Base StaX. These NFT's can only be obtained through purchasing of Base StaX and thus will have a dramatic effect on the price of Base StaX which is advantageous to both the buyer and the issuer. The issuer will release the Base StaX obtained via this methodology back into the market and effectively re-issue its own Base StaX,

the transactions on which TurnCoin will collect an additional 10% fee, in perpetuity. We anticipate the issuer base on the above factors to be 5,000 in year 1, 115,000 in year 2 and 2 million in year 3. Due to the fact that gross revenue/turnover is distributed on a monthly basis to all TurnCoin holders, we envisage a Yield per TurnCoin of \$0.04 in year 1, \$1.00 in year 2 and and \$23.38 in year 3.

THEXCHANGE REVENUE SUMMARY	YEAR 1	YEAR 2	YEAR 3
ISSUERS (TALENTED PEOPLE)	4928	114 823	2 675 162
REVENUE: ISO's (10%)	\$44 804 010	\$999 043 626	\$23 275 803 428
REVENUE: TRADING VOLUME (1%)	\$185 817	\$4 239 189	\$100 861 815
TOTAL GROSS REVENUE	\$44 989 827	\$1 003 372 815	\$23 376 665 242
YIELD PER TURNCOIN (X)	\$0.04	\$1.00	\$23.38
CUMMULATIVE YIELD PER TURNCOIN (X)	\$0.04	\$1.05	\$24.43

TURNCOIN VALUATION

The discounted cash flow approach was used to determine the value of the business. The DFC approach is based on projected cash flows of the business discounted at the required rate of return for the Company. The Discount rate which is used to calculate the PV of the cash flows takes both systematic and unsystematic risks into account. We calculated the expected free cash flow of the Company. The future free cash flows were then projected for a period of 3 years applying growth rates and inflation rates to the relevant line items. The terminal value into perpetuity has also been calculated with a multiplier of

3 which we consider very conservative as the average in this particular industry is close to 8.

The calculation of the fair rate of return requires an analysis of various “building blocks” which would be added to each other to arrive at the fair discount rate. The discount rate to be used represents the fair rate of return which an investor would require measured against the expected risks associated with the specific business.

RISK FREE RATE

This rate represents the rate of return an investor would require should he invest in a risk-free instrument. Government bonds are considered to be risk free and therefore the R186 Bond rate of 8.83% is used. The risk-free rate is further adjusted for the effective tax rate of the investor.

SYSTEMATIC RISK PREMIUM

The risk-free rate should be adjusted for risks that can be mitigated by diversification of an investment portfolio. These risks are typically interest rate risk, foreign exchange rate risk, inflation risk and fiscal risk. We used the market risk premium of 7% as calculated by the merchant banks.

BETA

This is a factor which is used to modify the standard systematic risk premium to be applicable to the interest being valued. The beta factor can range between 0.5 and 2.5 with 1 being a normal beta factor. In our opinion the Company will be exposed to normal systematic risks. A beta-factor of 1.5 was applied to calculate the discount rate.

UNSYSTEMATIC RISK PREMIUM

This represents the premium required to compensate the investor for the risks that cannot be mitigated by diversification of an investment portfolio. In this particular instance we consider the unsystematic risk premium to be 8%.



TURNCOIN VALUATION

DESCRIPTION	YEAR1	YEAR2	YEAR3	RESIDUAL
DEBT FREE NET CASH FLOW	\$ 44 989 827	\$ 1 003 372 815	\$ 23 376 665 242	\$ 70 129 995 727
DISCOUNT FACTOR	0.8000	0.6400	0.5120	0.4096
PRESENT VALUE OF DEBT FREE NET CASH FLOW	\$ 35 991 862	\$ 642 158 601	\$ 11 968 852 604	\$ 28 725 246 250
PRESENT VALUE OF NET CASH FLOW: YEAR 1-3	\$ 12 647 003 067			
ESTIMATED RESIDUAL VALUE OF FUTURE CASHFLOW: YEAR 3 ONWARD	\$ 28 725 246 250			
ESTIMATED PRESENT VALUE OF NET CASH FLOW	\$ 41 372 249 317			
NPV OF EACH TURNCOIN (3YR)	\$ 41.37			
RISK-ADJUSTED NPV OF EACH TURNCOIN	\$ 28.96			
MULTIPLIER	3			
ANNUAL DISCOUNT RATE	25%			

We conclude that the fair rate of return for the Company is 25% which is an acceptable rate of return for a business of this nature.

By applying the calculated discount rate to the expected future cash flows, the net present value of those cash flows is determined. This figure represents the amount that an investor will invest to earn the return that he requires. We have furthermore applied an additional inherent risk adjustment factor of 35% to the Net Present Value of each TurnCoin to ensure we cater for any unforeseen risks.

We therefore estimate the net present value of future cash flows to be \$41 Billion.

1 Billion TurnCoin is in circulation which results in a \$41.37/TurnCoin price. By applying the inherent risk adjustment factor of 30% this price is diminished to \$28.96/TurnCoin.

LEGAL

TheXchange raises capital through the sale of a digital security called TurnCoin. TurnCoin is a tokenized asset which entitles its holder to a pro-rata share of the Gross Revenue generated by TheXchange Platform; through the sale of VirtualStaX. The sale of TurnCoin is exempt from SEC registration in terms Rule 506(c) of Regulation D of the Securities Act, in terms of which regulation TheXchange has undertaken three successful rounds of capital raising. TheXchange's rounds of funding, including the current round opened as of 15 December 2021, are all accompanied by a compliant Form D filing with the SEC, a comprehensive Private Placement Memorandum and a Subscription Agreement.

During the course of developing its business model and technology platform, TheXchange has acquired various Legal Opinions in respect of VirtualStaX, seeking to analyse whether the sale of VirtualStaX would constitute an "Investment Contract" under the Howey Test. TheXchange has sought expert legal opinion from counsel specializing in US securities law, which includes the firms Mayer Brown, Fisher Broyles and Kelman & Associates. All legal analyses undertaken to date confirm that the sale of VirtualStaX will not be regarded as an investment contract under the Howey Test.

TheXchange Group was incorporated in the Republic of Singapore in 2017, as a start-up, consisting of a Holding Company and an Operating Company. Due to the regulatory blockchain environment in Singapore, the need arose to establish TheXchange's structure in jurisdictions that enforce

a progressive, transparent and credible outlook on the registration and licensing of projects that utilize distributed ledger technology.

The Company subsequently incorporated in the Cayman Islands in view of the Cayman Islands Monetary Authority's ("**CIMA**") regulatory exchange framework, and Gibraltar, in respect of the Gibraltar Financial Services Commission's ("**GFSC**") transparent Initial Coin Offering regulations. Since its jurisdictional re-incorporation, TheXchange has proceeded with applications for the registration as a virtual asset service provider with both CIMA, and the GFSC. In furthering its credibility and undertaking to be transparent and regulatory compliant, TheXchange has initiated the registration and licensing of TheXchange Platform as a Money Transmitter with FinCEN in the United States.

TheXchange has continually invested in the protection of its Intellectual Property throughout the development of its technology and business model, which is evident from its portfolio of Patents and Trademarks applied for internationally in the United States of America, China, Europe and South Africa. The Intellectual Property Holdings of TheXchange presently consists of two International Patents filed in USA, China & Europe with pending PCT applications to be filed globally. In addition, the Company has 43 Trademarks filed across the USA China, Europe and South Africa.



THANK YOU



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