



TURNCOIN[®]

VALUATION OVERVIEW

A World First

TurnCoin is the world's first Gross Revenue-Sharing Digital Security. This digital asset shares 100% of TheXchange's global turnover generated by its underlying VirtualStaX business model with its holders through a perpetual pro-rata monthly cash yield.

This paper serves to explain the current valuation of TurnCoin, as offered in the Private Placement Memorandum of the Company's \$70 million Primary Offering.

It is of crucial importance that the TurnCoin White Paper is read in conjunction with this Revenue Model & Valuation.

What are VirtualStaX?

VirtualStaX (StaX) are blockchain verified Digital Trading Cards in talented people that trades on a global Xchange. Pros, monetise their popularity. Amateurs, fund their dreams.

There are two types of StaX that people can issue in themselves:

- (1) **BaseStaX** are fundable tokens that trades on TheXchange based purely on demand that's driven by on a persons performance, fan engagement and utility offered.
- (2) **CollectorStaX** are digital collectable NFTs, each with its own utility, proximity and access to the StaX Issuer.

The First Global Xchange for People (StaX.app)

StaX.app is a Progressive Web App (PWA) accessible to anybody in the world with Internet access. It is the gateway through which talented people can list VirtualStaX in themselves and showcase it on the global stage and, the platform through which Fans can back their favourite people and discover new talent.

How TurnCoin Generate Revenue

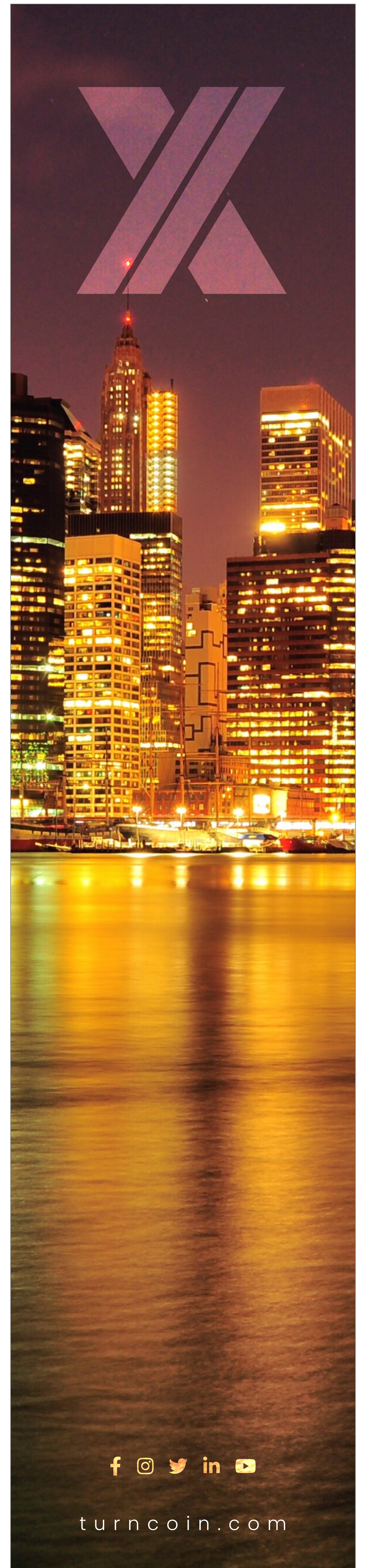
TurnCoin generates revenue from every VirtualStaX sold, by every person, in every passion of life worldwide:

- 10% Listing fee from the sale of every BaseStaX sold.
- 10% Listing fee from the sale of every CollectorStaX NFT sold.
- 2.5% Royalty on resale of every CollectorStaX NFT (on & off platform).
- 5% Markup on StaX Issuers' stores - merchandise & memorabilia.
- 1% Transaction fee calculated on the total transaction volume of the platform.

TurnCoin's Valuation Method

TurnCoin is a regulatory compliant digital financial instrument that distributes 100% of its global turnover (gross revenue) pro-rata to its holders on a monthly basis.

TurnCoin is valued by determining the Net Present Value of Future Cash.

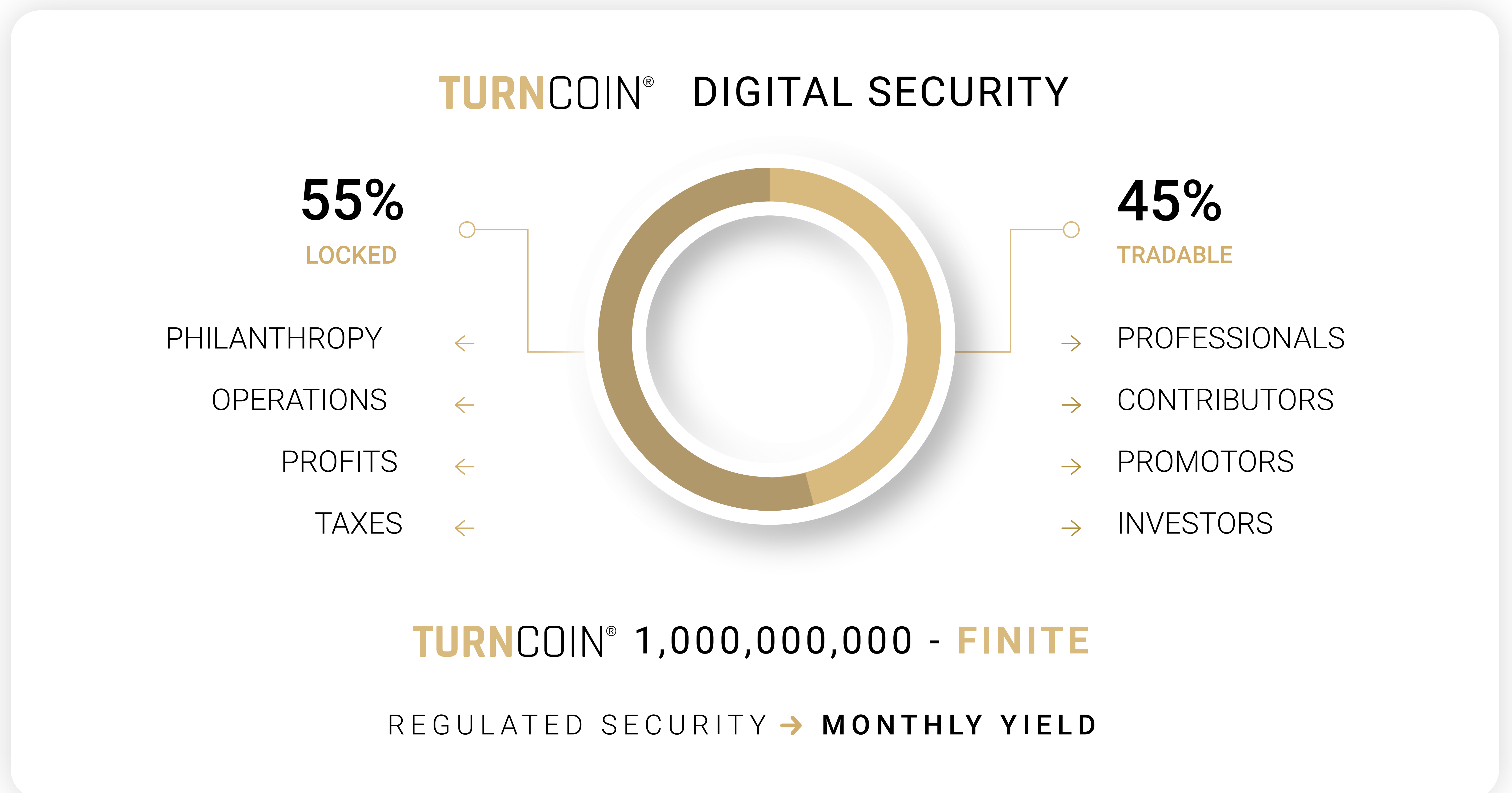


TurnCoin Digital Security Structure

There is a **Finite amount of 1 Billion TurnCoin** which cannot be increased, or decreased.

450m TurnCoin (45%) is Tradable, to be distributed to the TheXchange's; investors, promoters, partners and service providers.

550m TurnCoin (55%) is Non-Tradable, permanently locked, and owned by TheXchange. The purpose of the locked TurnCoin is to fund, from its monthly yield, global philanthropy and finance the ongoing; development, management, operations and global expansion of TheXchange & VirtualStaX.



TurnCoin Monthly Return = Perpetual Revenue Share

TurnCoin holders share pro-rata in 100% of the global gross-revenue of TheXchange through a monthly payout in USDC via smart contract on the first of every month.

How is the monthly TurnCoin Revenue share determined?

- **Global Gross Revenue ÷ 1 Billion TurnCoin = Monthly Revenue share per TurnCoin**
- eg. \$3.25B (TurnOver) ÷ 1B TurnCoin = \$3.25 Monthly Revenue share per TurnCoin

Therefore, every time TheXchange globally generates \$1 Billion in Gross Revenue, every TurnCoin Holder receives a \$1.00 cash yield.

TurnCoin Capital Return = Value Appreciation

As more people worldwide issue StaX in themselves, and as more categories of VirtualStaX are added to StaX.app, TurnCoin's monthly evenue-share will increase, which should result in the further appreciation of TurnCoin's value.

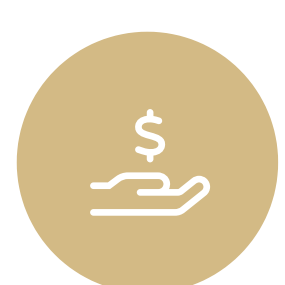


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TurnCoin's Valuation Method

The best fit valuation method for TurnCoin is deriving the Net Present Value ("NPV") of the future monthly cashflows, which is the pro-rata share of global gross Revenues which each TurnCoin Holder automatically receives at 4:44am SAST on the 1st of every month via smart contracts.

The NPV is arrived at by discounting these future monthly cash flows, at a conservative discount rate that takes into account the risk free rate with both systematic and unsystematic risks added, as explained below, along with the Beta factor, which approximates the fair rate of return that an Investor needs to receive. The total discount rate arrived at by the below methodology has been rounded up to 20%.



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 6% as calculated by the merchant banks.



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 5%.



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 TheXchange will be exposed to normal systematic risks. A beta-factor of 1 was therefore applied to calculate the discount rate.

The future cash flows have been projected for 3 years starting from the end of 2023, applying average growth rates that have been predicted based upon growth curves experienced by similar, mainly social platforms in their first 5 years; with understandable reductions in order to ensure the valuation is reasonable, such as that the VirtualStaX platform will only have 100 Pro's and 1,000 Amateurs who have issued StaX by the end of 2023.

The terminal value into perpetuity has also been calculated with a multiplier of 3, which we consider very conservative as the average in the Tech industry is close to 8.

THEXCHANGE REVENUE ASSUMPTIONS	PROS	AMATEURS
Number of Issuers on Platform <u>by end 2023</u>	100	1 000
Number BaseStaX per Issuer	100 000	100 000
Auction closing price of a BaseStax on average	\$2.00	\$0.05
ISO Gross Income Percentage to TurnCoin	10.0%	10.0%
BaseStax Secondary Market % to TurnCoin	1.0%	1.0%
Issuer Average Monthly User Growth Rate	20%	20%

THEXCHANGE REVENUE SUMMARY	YEAR TO END '23	YEAR TO END '24	YEAR TO END '25	YEAR TO END '26
Issuers (Talented People)	1 100	70 167	734 591	4 752 857
Revenue: Iso's (10%)	\$2 500 000	\$157 442 000	\$1 517 656 000	\$9 180 687 000
Revenue: Transaction Fee (1%)	\$2 500	\$691 500	\$8 765 042	\$65 191 192
Total Gross Revenue	\$2 502 500	\$158 133 500	\$1 526 421 042	\$9 245 878 192
Yield Per Turncoin (TXC)	\$0.002	\$0.15	\$1.52	\$9.24
Cummulative Yield Per Turncoin (TXC)	\$0.00	\$0.16	\$1.69	\$10.93

NET PRESENT VALUE (NPV) OF CASHFLOWS	YEAR TO END '23	YEAR TO END '24	YEAR TO END '25	YEAR TO END '26	RESIDUAL
Debt Free Net Cash Flow Via Monthly Yield	\$2 502 500	\$158 133 500	\$1 526 421 042	\$9 245 878 192	\$27 737 634 575
Discount Factor At 20% Per Year	1.00	0.83	0.69	0.58	0.48
Present Value Of Debt Free Net Cash Flow	\$2 502 500	\$131 777 916	\$1 060 014 613	\$5 350 623 953	\$13 376 559 884

Present Value of Net Cash Flow: Year 1 - 4	\$6 544 918 982	Multiplier	3
Estimated Residual Value of Future Cashflows	\$13 376 559 884	Annual Discount Rate	20%
Estimated Present Value of Net Cash Flow	\$19 921 478 866	Inherent Risk Adjustment	25%
NPV of Each TurnCoin (over 4 years)	\$19.92		
Risk-Adjusted NPV per TurnCoin	\$14.92		

Based an the assumptions set out above, we therefore estimate the net present value of future cash flow to be \$19.92/TurnCoin.

By applying an extra inherent risk adjustment factor of 25% (*which is generous given that the VirtualStaX platform is already live and generating revenue in addition to the celebrity line-up of VirtualStaX Ambassadors*), this price is further discounted to \$14.92/TurnCoin.

Conclusion

TurnCoin is valued based on the discounted future cashflow that it is projected to receive from the perpetual monthly yields generated by VirtualStaX worldwide.

Early Investors in the 1st tier of TurnCoin's \$70m Primary Offering can acquire TurnCoin at an effective discounted price of \$2.98 per TurnCoin on which the consistent rate of return (IRR) is projected at 60% through the end of 2026.

The IRR of TurnCoin should continue to increase in the future as the perpetual monthly revenue share from the global turnover generated by VirtualStaX increases. In addition, as monthly yield payouts increase the capital value of TurnCoin on the Secondary Markets should also increase. The finite number of TurnCoin insures that the yield as well as the Secondary Market value of TurnCoin is protected and cannot be diluted.

It is anticipated that investors on Secondary Markets will add their own premium to TurnCoin's value, given its unique value proposition; and the scarcity of TurnCoin that should give its holders further security in the integrity of their investment.

As the world comes to grips with the fact that they are no longer restricted to Stocks in Companies; but can now finally own StaX in People - the demand for the various types of StaX in people across all the major passions of life has the potential to scale to the size of the internet-connected population on Earth.

In fact, the value of TurnCoin is underpinned by the certainty of the world's most valuable renewable resource - passionate people and their dreams.

People for People!

Bottom Line / TL;DR

Cash is king, and the assumptions used in this Revenue Model (*which is effectively a pure cashflow model*), show that TurnCoin will return significant monthly reoccurring cash yields via its automated smart contract revenue-sharing mechanism.

As the number of talented people worldwide that issues and promotes their own VirtualStaX increases, the monthly cashflow to every TurnCoin Holder will increase which should result in an increase in the value of the TurnCoin Digital Security Asset.

We believe the appreciating nature of TurnCoin will result in a high demand and liquidity from which TurnCoin could emerge as one of the most sought-after revenue sharing digital security on global markets.

Please contact the TurnCoin Team for an in-person or Zoom presentation, and to have any queries answered, at invest@turncoin.com





THANK YOU!



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