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Zacks Small-Cap Research

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INX Digital Co (OTCQB: INXDF)

INXDF: A Crypto Investment That Makes Sense

INXDF is a company looking to change the financial world by offering a regulated platform able to build a community of digital investors and capital seekers. We value INXDF at $0.58 per share on the recent investment and potential acquisition.

OUTLOOK

INX Digital is a company that provides a regulated platform where verified customers can trade cryptocurrencies and security tokens on a secure and around the clock basis.

The company should benefit from the recent surge in interest in crypto as well as the potential the company may be acquired in the near future.

Current Price (03/08/24)	$0.11
Valuation	**$0.58**

SUMMARY DATA

52-Week High	**$0.34**
52-Week Low	**$0.10**
One-Year Return (%)	**-9.86**
Beta	**4.62**
Average Daily Volume (sh)	**13,983**
Shares Outstanding (mil)	**235**
Market Capitalization ($mil)	**$25**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2023 Estimate	**N/A**
P/E using 2024 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Medium**
Type of Stock	**Small Growth**
Industry	**Financial Services**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	NA	0.9 A	1.1 A	2.1 E	4.3 A
2023	1.6 A	1.6 A	1.3 A	1.7 E	6.2 E
2024	1.3 E	1.4 E	1.4 E	1.2 E	5.3 E
2025	1.8 E	1.7 E	2.0 E	2.2 E	7.9 E

Earnings (per share)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	NA	0.36 A	(0.05) A	(0.02) A	0.98 A
2023	0.00 A	-0.08 A	-0.06 A	-0.02 E	-0.16 E
2024	0.00 E	0.00 E	0.00 E	0.00 E	0.00 E
2025	0.00 E	0.00 E	0.00 E	0.01 E	0.02 E

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Company Update

The recent surge in bitcoin and other cryptocurrencies compels us to remind investors of another way to get involved in the cryptocurrency world. INX digital provides investors an opportunity to invest in the growing cryptocurrency market in a way that has sustainability and a solid investment case. With INX, crypto investors can buy, sell, and trade numerous cryptocurrencies in a safe and secure manner with a company that is registered with the SEC.

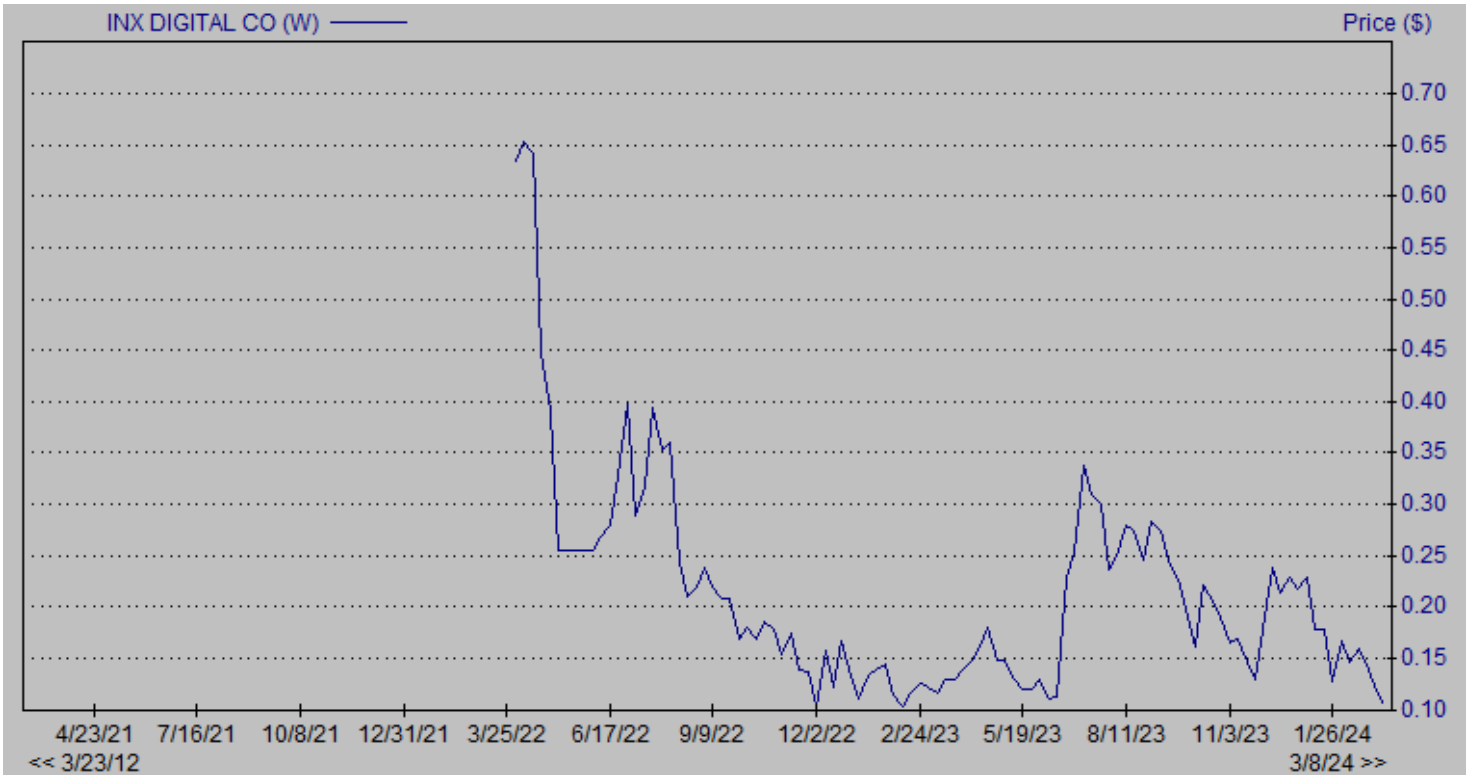
But that's only one side of the INX business…and not the one that we continue to be the most excited about—and is forecast by several research firms cited by the company to grow by 50x to $16 trillion by 2030. That side of the INX story is Security Tokenization. Details of the tokenization operation and trading platform can be found in previous Zacks reports but when the chairman of the largest asset manager in the world, Larry Fink of Blackrock, says that "The next generation of securities will be tokenization" we believe investors should take notice. INX is the world's first company to debut and successfully complete an SEC-registered IPO of a blockchain security token (the INX Token). The public offering of the INX Token was registered under the United States Securities Act of 1933 and, in such registration, the INX Token is deemed to be an "equity security" under relevant SEC rules and regulations. The major takeaway is not the INX token, but that the company has the experience needed in this burgeoning industry to help companies to bring tokens to market and provide a place for them to be traded with confidence.

We also continue to follow and want to remind investors of the INX announcement that Republic Group, described as "a global financial firm operating a digital merchant bank and a network of investment platforms. The company noted that 3Q2023 marked a "significant milestone, in the expansion of technology stack and infrastructure needed to fully integrate and list the Republic security token as well as future tokens from Republic's portfolio of companies."

We continue to believe this collaboration will benefit INX and are pleased to see great progress being made in the integration process, but we do have to note the company has to pay 75% of the net revenues of the new issuers gained from Republic to Republic—a reasonable agreement in our view. Additionally, we are of the opinion that there is a better than average chance that the Republic investment will lead to a larger transaction at some point, up to and including a potential acquisition.

INX continues to be a responsible and ethical beacon in the often-shady crypto world, and we believe the investment in the company by Republic, combined with potential business impact from recent events, makes INXDF a very attractive investment alternative for investors with a modestly higher risk tolerance.

HISTORICAL STOCK PRICE



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