

VALDY INVESTMENTS LTD.

Condensed Interim Financial Statements

For the three-month period ended
March 31, 2021

(Unaudited)

(Expressed in Canadian Dollars)

VALDY INVESTMENTS LTD.
Condensed Interim Statement of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	March 31, 2021	December 31, 2020
	\$	\$
ASSETS		
Current assets		
Cash	663,753	425,298
TOTAL ASSETS	663,753	425,298
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	99,979	22,648
Total Liabilities	99,979	22,648
SHAREHOLDERS' EQUITY		
Share capital (Note 3)	820,889	548,120
Equity reserves (Note 3)	105,940	75,846
Deficit	(363,055)	(221,316)
Total Equity	563,753	402,650
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	663,753	425,298

Nature and continuance of operations (*Note 1*)
Subsequent events (*Note 7*)

On behalf of the Board of Directors:

"Johnny Ciampi"
Director

"James Decker"
Director

The accompanying notes are an integral part of the condensed interim financial statements.

VALDY INVESTMENTS LTD.
Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	For the period ended March 31, 2021	For the period ended March 31 2020
	\$	\$
OPERATING EXPENSES		
Office expense	106	-
Professional fees	93,404	5,635
Share-based payment (Note 3)	30,094	-
Transfer agent and filing fees	18,135	8,228
Loss and comprehensive loss for the period	(141,739)	(13,863)
Basic and diluted loss per common share	(0.02)	(0.01)
Weighted average number of common shares outstanding	7,250,000	5,000,000

The accompanying notes are an integral part of the condensed interim financial statements.

VALDY INVESTMENTS LTD.
Condensed Interim Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital		Equity Reserves		Total equity
	Number of Shares outstanding	Amount	Share-based payments	Deficit	
		\$	\$	\$	\$
Balance at December 31, 2019	7,000,000	548,120	75,846	(171,995)	451,971
Comprehensive loss for the period	-	-	-	(13,863)	(13,863)
Balance at March 31, 2020	7,000,000	548,120	75,846	(185,858)	438,108
Comprehensive loss for the period	-	-	-	(35,458)	(35,458)
Balance at December 31, 2019	7,000,000	548,120	75,846	(221,316)	402,650
Shares issued for private placement	4,583,333	275,000	-	-	275,000
Share issuance costs	-	(2,231)	-	-	(2,231)
Share-based payment	-	-	30,094	-	30,094
Comprehensive loss for the period	-	-	-	(141,739)	(141,739)
Balance at March 31, 2021	11,583,333	820,889	105,940	(363,055)	563,774

The accompanying notes are an integral part of the condensed interim financial statements.

VALDY INVESTMENTS LTD.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the three-month period ended March 31,	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(141,739)	(13,863)
Items not affecting cash:		
Share-based payment	30,094	-
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	77,331	4,632
Cash used in operating activities	<u>(34,314)</u>	<u>(9,231)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from issuance of shares, net of share issuance costs	<u>272,769</u>	-
Cash provided by financing activity	<u>272,769</u>	-
Change in cash during the period	238,455	(9,231)
Cash, beginning of period	<u>425,298</u>	<u>460,824</u>
Cash, end of period	<u>663,753</u>	<u>451,593</u>
Cash paid during the period for:		
Interest	-	-
Taxes	-	-

No supplemental cash flow information for the periods ended March 31, 2021 and 2021.

The accompanying notes are an integral part of the condensed interim financial statements.

VALDY INVESTMENTS LTD.

Notes to the Condensed Interim Financial Statements

For the periods ended March 31, 2021 and 2020 (Unaudited)

1. Nature and Continuance of Operations

Valdy Investments Ltd. (the "Company") was incorporated under the provincial *Business Corporations Act* (British Columbia) on August 22, 2018 and its registered office is at 4619 West 3rd Avenue, Vancouver, BC V6R 1N5. The Company completed its initial public offering ("IPO") during fiscal 2019 and is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by the exercising of an option or by any concomitant transaction ("Qualifying Transaction"). The purpose of such an acquisition is to satisfy the related conditions of a Qualifying Transaction under the Exchange rules. Subsequent to March 31, 2021, the Company entered into a definitive agreement intended to constitute the Company's qualifying transaction.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading. These condensed interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The condensed interim financial statements do not include adjustments to amounts and reclassification of assets and liabilities that might be necessary should the Company be unable to continue operates. Management estimates it has sufficient funds to operate for the next twelve months.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. Significant Accounting Policies

(a) Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Report Standards and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements were approved by the Board of Directors for issuance on April 29, 2020.

(b) Basis of Presentation

These condensed interim financial statements have been prepared on the historical cost basis and are presented in Canadian dollars, which is the Company's presentation currency.

(c) Significant Judgments, Estimates and Assumptions

The preparation of these condensed interim financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these estimates.

VALDY INVESTMENTS LTD.

Notes to the Condensed Interim Financial Statements

For the periods ended March 31, 2021 and 2020 (Unaudited)

2. Significant Accounting Policies (continued)

(c) Significant Judgments, Estimates and Assumptions (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The preparation of these condensed interim financial statements requires management to make judgements regarding the going concern of the Company, as disclosed in Note 1, and share-based payments. The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data, and which involves uncertainty and subjectivity in estimates used by management in the assumptions.

(d) Financial Instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The Company has classified its financial instruments as follows:

- Cash: FVTPL
- Trade payable and accrued liabilities: Amortized cost

VALDY INVESTMENTS LTD.

Notes to the Condensed Interim Financial Statements

For the periods ended March 31, 2021 and 2020

3. Share Capital

(a) Authorized:

Unlimited Common Shares without par value

Unlimited Preferred Shares without par value

(b) *Issued share capital:*

Changes in share capital during the period ended March 31, 2021

On February 5, 2021, the Company completed a private placement, pursuant to which the Company issued 4,583,333 common shares at \$0.06 per share for total proceeds of \$275,000. The Company paid \$2,231 in cash as share issuance costs relating to the private placement.

Changes in share capital during the year ended December 31, 2020:

No share capital transactions for the year end December 31, 2020.

(c) *Escrow:*

The Company has 2,500,000 common shares subject to an escrow agreement as at March 31, 2021 and December 31, 2020, whereby 10% of the shares will be released from escrow upon the completion of the Qualifying Transaction. An additional 15% of the escrowed common shares will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange. Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a qualifying transaction. Escrowed shares may be subject to cancellation if the qualifying transaction is not completed within 24 months from the date of listing.

(d) *Share-based payments:*

Stock Option Plan

The Company has a rolling stock option plan ("the Plan") which is applicable to directors, officers, employees and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the Exchange. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors.

Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a Qualifying Transaction.

VALDY INVESTMENTS LTD.**Notes to the Condensed Interim Financial Statements**

For the periods ended March 31, 2021 and 2020

3. Share Capital (continued)*(d) Share-based payments:(continued)*

As at March 31, 2021, the following stock options were outstanding:

	Number of Stock Options	Weighted Average Exercise Price
Balance December 31, 2020 and 2019	700,000	\$ 0.10
Granted	450,000	0.06
Balance, March 31, 2021	1,150,000	\$ 0.09

During the period ended March 31, 2021, the Company issued 450,000 stock options to officers and directors (being key management personnel) of the Company with an exercise price of \$0.06 per share, at a fair value of \$30,094. The weighted average fair value per option was \$0.07. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 10 years, a risk-free rate of 0.99%, a forfeiture rate of 0%, and volatility of 100%.

A summary of the Company's stock options outstanding and exercisable as at March 31, 2021 is as follows:

Expiry Date	Number of Stock Options	Exercise Price	Remaining Life (in years)
May 27, 2029	700,000	\$0.10	8.16
February 11, 2031	450,000	\$0.06	9.87
Outstanding and exercisable	1,150,000		

(e) Share Purchase Warrants

As at March 31, 2021, the following stock warrants were outstanding:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 20120 and 2019	250,000	\$ 0.10
Granted	-	-
Balance, March 31, 2021	250,000	\$ 0.10

As at March 31, 2021, the following share purchase warrants were outstanding:

Number of Warrants	Weighted Average Exercise Price	Expiry Date	Remaining Life (in years)
250,000	\$ 0.10	May 27, 2021	0.16

VALDY INVESTMENTS LTD.

Notes to the Condensed Interim Financial Statements

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4. Capital Disclosures

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a Qualifying Transaction. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period end, except as discussed below.

Until the completion of a Qualifying Transaction, the gross proceeds realized from the sale of all securities may only be used to identify and evaluate assets or businesses for, and obtain shareholders' approval for, a proposed Qualifying Transaction, with the exception that no more than the lesser of 30% of the gross proceeds from the sale of securities issued by a CPC and \$210,000 may be used to cover prescribed costs of issuing securities and administrative and general expenses.

5. Financial Instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) 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 (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash is measured as level 1 input. The carrying value of accounts payable and accrued liabilities approximates the fair value due to its short-term nature.

6. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to short term nature.

Credit Risk

Credit Risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had a cash balance of \$663,753 to pay liabilities of \$99,979.

VALDY INVESTMENTS LTD.

Notes to the Condensed Interim Financial Statements

For the periods ended March 31, 2021 and 2020 (Unaudited)

6. Financial Risk Management (continued)

Market Risks

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. For the period ended March 31, 2021, the Company held no financial instruments subject to significant foreign exchange or interest rate risks.

7. Subsequent events

Subsequent to March 31, 2021, The Company:

(a) Issued 250,000 common shares for warrants exercised for gross proceeds of \$25,000.

(b) Issued 1,150,000 common shares for stock options exercised for gross proceeds of \$103,750.

(c) Proposed Transaction: Entered into a definitive securities exchange agreement (the "Securities Exchange Agreement") dated March 31, 2021 with INX Limited ("INX"), a company incorporated under the laws of Gibraltar and the securityholders of INX (the "INX Securityholders"), whereby the Company proposes to acquire all of the issued and outstanding securities of INX (the "Transaction"). Upon completion of the Transaction, INX will become a wholly-owned subsidiary of the Company, and the combined entity (the "Resulting Issuer") will continue the business of INX.

The Transaction is intended to constitute the "Qualifying Transaction" of the Company as such term is defined in Policy 2.4 - "Capital Pool Companies" (the "Policy") of the Exchange's Corporate Finance Manual.

INX expects to complete an equity financing (the "Concurrent Financing"), by way of a private placement of up to 32,000,000 subscription receipts (each, a "Subscription Receipt") at \$1.25 per Subscription Receipt for aggregate gross proceeds of up to \$40,000,000. Commissions of up to 6% cash and compensation options may be payable in connection with the financing. Immediately prior to the closing of the Transaction (the "Closing"), each Subscription Receipt will be automatically converted into a unit comprised of one ordinary share in the capital of INX ("INX Shares" and each such INX Share, an "INX Financing Share") and one-half of one common share purchase warrant of INX (each whole warrant, an "INX Financing Warrant"), and the escrowed proceeds of the Concurrent Financing will be released to INX. Each INX Financing Warrant is exercisable into one additional INX Share for two years from closing of the Concurrent Financing at an exercise price of \$1.88 per share.

Prior to the Closing, the Company will consolidate its issued and outstanding common shares (the "Consolidation") such that immediately prior to the Closing, there shall be outstanding no more than 5,000,000 common shares on a fully-diluted basis.

The Securities Exchange Agreement provides that, on the Closing, the Company will acquire all of the issued and outstanding securities of INX from the INX Securityholders by way of a securities exchange as follows:

i) the Company will issue to the former shareholders of INX up to 175,000,000 post-Consolidation common shares (each, a "Valdy Share" and each such Valdy Share issued as consideration, a "Valdy Consideration Share") on a partially diluted basis, reflecting the exercise of the INX Legacy Warrants (as defined below). The Valdy Consideration Shares issued to holders of INX Financing Shares shall be issued on a 1:1 basis, and all other Valdy Consideration Shares will be issued on the basis of 10.4871348 Valdy Consideration Shares for each INX Share (the "Conversion Ratio").

ii) the holders of outstanding options to purchase INX Shares (each, an "INX Option") shall surrender for cancellation each INX Option held by them, and for each INX Option so surrendered, Valdy shall issue to such holder an option to acquire a post-Consolidation Valdy Share (each, a "Valdy Consideration Option") having terms equivalent to the surrendered INX Option with respect to vesting conditions and expiry date, and adjusted pursuant to the Conversion Ratio in respect of exercise price and the number of Valdy Shares issuable upon exercise thereof;

VALDY INVESTMENTS LTD.

Notes to the Condensed Interim Financial Statements

For the periods ended March 31, 2021 and 2020

7. Subsequent events (continued)

iii) the holders of outstanding warrants to purchase INX Shares (each, an “INX Legacy Warrant”) shall surrender for cancellation each INX Legacy Warrant held by them, and for each INX Legacy Warrant so surrendered, Valdy shall issue to such holder an warrant to acquire post-Consolidation Valdy Shares (each, a “Valdy Consideration Warrant,”)having terms equivalent to the surrendered INX Legacy Warrant with respect to expiry date, and adjusted pursuant to the Conversion Ratio in respect of exercise price and the number of Valdy Shares issuable upon exercise thereof; and

ivd) each of the warrants to purchase INX Shares issued pursuant to the Concurrent Financing (each, an “INX Financing Warrant”) shall, in accordance with its terms, become exercisable to purchase an equivalent number of post-Consolidation Valdy Shares at the same exercise price as the INX Shares to which such warrant was previously exercisable for. In connection with the Transaction, the Company will change its name to The INX Digital Company Inc., or such other name as is determined by INX.

The completion of the Transaction is subject to the satisfaction of various conditions as are standard for a transaction of this nature.

On Closing, the Resulting Issuer expects to enter into five year advisory agreements (each, an “Advisory Agreement”) with James Decker and Johnny Ciampi (each, an “Advisor”). Each Advisory Agreement will provide for the issuance of 1,000,000 immediately vesting options to purchase shares of the Resulting Issuer (each, an “Advisor Option”) under the Resulting Issuer’s stock option plan to the applicable Advisor, with 500,000 Advisor Options being exercisable at a price of \$1.25 per share and 500,000 Advisor Options being exercisable at a price of \$2.50 per share, and all Advisor Options expiring on the date that is five years from the Closing.

In connection with the Transaction, the Company has entered into a finder’s fee agreement with Peter Hough, pursuant to which the Company has agreed to issue 650,000 Valdy Shares (approximately 238,386 Valdy Shares on a post-Consolidation basis) to Mr. Hough on Closing subject to the approval of the Exchange.