
**SIXTY SIX Capital Inc., formerly HYDRO66 HOLDINGS
CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2021 AND 2020

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	Mar 31, 2021 \$	Dec 31, 2020 \$
ASSETS			
Current assets			
Cash		501,716	198,579
Restricted cash	4,5	1,517,220	-
Amounts receivable and prepaids	6	302,934	1,208,695
Total current assets		<u>2,321,870</u>	<u>1,407,274</u>
Non-current assets			
Property, plant and equipment	7	-	15,757,839
Right-of-use assets	8	-	2,120,279
Digital currencies	9	-	18,657
Restricted cash	4,5	298,648	-
Investments in equity securities	10	51,064,775	-
Total non-current assets		<u>51,363,423</u>	<u>17,896,775</u>
TOTAL ASSETS		<u>53,685,293</u>	<u>19,304,049</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	369,706	2,163,586
Short term borrowings	12	-	1,086,986
Current portion of lease liabilities	13	-	483,344
Total current liabilities		<u>369,706</u>	<u>3,733,916</u>
Non-current liabilities			
Convertible debenture	14	5,553,278	5,435,709
Long term deferred income	15	-	651,198
Lease liabilities	13	-	1,686,671
Provisions	16	2,224,434	2,170,043
TOTAL LIABILITIES		<u>8,147,418</u>	<u>13,677,537</u>
SHAREHOLDERS' EQUITY			
Share capital	18	34,890,714	34,890,714
Other reserves		(7,155,763)	(7,155,763)
Share option reserve		2,179,994	2,036,757
Accumulated other comprehensive income / (loss)		1,902,891	(134,573)
Retained earnings / (deficit)		13,720,039	(24,010,623)
TOTAL SHAREHOLDERS' EQUITY		<u>45,537,875</u>	<u>5,626,512</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>53,685,293</u>	<u>19,304,049</u>

Nature of Operations and Going Concern – see Note 1

These condensed consolidated financial statements were approved for issue by the Board of Directors on May 28, 2021 and are signed on its behalf by:

David Rowe
 Director “David Rowe”

Richard Croft
 Director “Richard Croft”

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

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended Mar 31,	
		2021	2020
		\$	\$
Revenue	20	<u>1,778,485</u>	<u>959,777</u>
Cost of sales			
Direct costs		651,988	403,293
Depreciation	7,8	<u>494,737</u>	<u>556,529</u>
		<u>1,146,725</u>	<u>959,822</u>
Cryptocurrency Related Items:			
Disposal of digital currencies loss / (gain)		2,866	18,785
Gross (loss) income for the period		628,894	(18,830)
Administrative Expenses			
Accounting and administration		2,738	123
Audit		36,016	48,665
Bank charges		440	573
Legal and professional fees	21	498,739	313,317
Marketing and promotion		10,193	17,944
Management fees, salaries & wages	21	256,383	362,796
Office		23,181	22,260
Regulatory and filing		20,229	9,834
Share based compensation	18, 21	143,237	114,268
Technical support and security costs		99,417	128,528
Travel		2,351	23,890
Other operating expenses		<u>84,117</u>	<u>94,935</u>
Total admin expenses		<u>1,177,041</u>	<u>1,137,133</u>
Gain on disposal of subsidiaries	4	<u>(38,788,992)</u>	<u>-</u>
Income (loss) before other items		<u>38,240,845</u>	<u>(1,155,963)</u>
Other items			
Interest and other (income) / expense		141,052	124,823
Foreign exchange loss / (gain)		<u>369,131</u>	<u>(37)</u>
		<u>(510,183)</u>	<u>(124,786)</u>
Net (loss) income for the period		37,730,662	(1,280,749)
Other comprehensive income / (loss) for the period			
Items that will be reclassified subsequently to profit and loss			
Change in fair value of investments in equity securities	10	1,999,537	-
Exchange differences on translating foreign operations		37,927	320,919
Comprehensive (loss) income for the period		<u>39,768,126</u>	<u>(959,830)</u>
Income / (loss) per share – basic		\$0.304	\$(0.007)
Weighted average number of common shares outstanding – basic		<u>130,649,950</u>	<u>130,649,950</u>

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

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Three months ended Mar 31, 2021

	Share capital	Share capital	Other reserve	Share option reserve	Other comprehensive income / (loss)	Retained earnings / (deficit)	Total Equity
	Number of shares	Amount \$	\$	\$	\$	\$	\$
Balance at December 31, 2020	130,649,950	34,890,714	(7,155,763)	2,036,757	(134,573)	(24,010,623)	5,626,512
Share based compensation (note 18)	-	-	-	143,237	-	-	143,237
Net earnings for the period	-	-	-	-	-	37,730,662	37,730,662
Investments in equity securities revaluation	-	-	-	-	1,999,537	-	1,999,537
Foreign currency translation adjustment	-	-	-	-	37,927	-	37,927
Balance at March 31, 2021	130,649,950	34,890,714	(7,155,763)	2,179,994	1,902,891	13,720,039	45,537,875

Three months ended Mar 31, 2020

	Share capital	Share capital	Other reserve	Share option reserve	FX reserve	Deficit	Total Equity
	Number of shares	Amount \$	\$	\$	\$	\$	\$
Balance at December 31, 2019	130,649,950	34,890,714	(7,155,763)	1,794,867	(1,445,505)	(17,114,563)	10,969,750
Share based compensation	-	-	-	114,268	-	-	114,268
Net loss for the period	-	-	-	-	-	(1,280,749)	(1,280,749)
Translation adjustment	-	-	-	-	(320,919)	-	320,919
Balance at March 31, 2020	130,649,950	34,890,714	(7,155,763)	1,909,135	(1,124,586)	(18,395,312)	10,124,188

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

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three months ended Mar 31,	
	2021	2020
	\$	\$
Operating activities		
Net income / (loss) before tax for the period	37,730,662	(1,280,749)
Adjustments for:		
Depreciation of property, plant and equipment	422,934	440,433
Depreciation of right-of-use assets	64,801	116,097
Gain on disposals of subsidiaries	(38,788,992)	-
Share based compensation	143,237	114,268
Result from disposal of digital currencies	2,866	18,785
Payments received in digital currencies	(1,283,571)	(897,672)
Foreign exchange loss	369,131	-
Interest expenses	141,052	125,546
Net change in working capital	18,004	(200,940)
Cash (used in) / from operations	(1,179,876)	(1,564,232)
Investing activities		
Additions to property, plant and equipment	(544,917)	(8,937)
Proceeds from disposals of subsidiaries	827,681	-
Proceeds from disposal of digital currencies	1,281,015	871,456
Net cash used in investing activities	1,563,779	862,519
Financing activities		
Proceeds from debenture issuance	-	424,262
Lease payments	(85,576)	(144,809)
Net cash from financing activities	(85,576)	279,453
Net change in cash	298,327	(422,260)
Cash at beginning of period	198,579	997,568
Effect of exchange rate	4,810	(13,311)
Cash at end of period	501,716	561,997
Supplemental cashflow information		
Payments received in shares of equity securities	4,10	49,065,239
Escrow cash received from disposal of subsidiaries	4,5	1,841,214
Recognition of right-of-use assets/lease liabilities	-	160,993
Supplemental disclosures		
Interest paid	23,483	40,192
Income tax paid	-	-

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

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Nature of Operations

Sixty-Six Capital Inc is an investor and developer active in Fin Tech, it's primary investment consists of 338,273 shares of Northern Data AG (XETRA: NB", ISIN: DE000A0SMU87 which is a leading infrastructure supplier for Bitcoin mining and other HPC infrastructure solutions. The Company is actively reviewing additional green energy investment and business opportunities within the Fin Tech space.

The Company's head office is located at 15 Percy Street, London, W1T 1DS, United Kingdom and its registered office is located at 736 Granville St., Suite 1100, Vancouver, BC V6Z 1G3, Canada.

History of Operations

Arctic Blockchain Limited ("Arctic") was incorporated on December 4, 2017 under the provisions of the Company Act (British Columbia). On February 28, 2018, Arctic completed a share purchase agreement with Hydro66 UK Limited whereby Arctic acquired Hydro66 UK Limited in exchange for 100,000,000 common shares at a deemed price per share of \$0.50 and 25,000,000 common share purchase warrants exercisable at a price of \$0.75 per common share for a period of two years from the completion of a liquidity event. Arctic subsequently completed an amalgamation with Caza Gold Corp ("Caza"), and the amalgamated entity (the "Company") became a reporting issuer on the Canadian Securities Exchange ("CSE") as Hydro66 Holdings Corp. under the trading symbol "SIX".

On March 4, 2021, the Company sold Hydro66 UK Limited, and its wholly owned subsidiaries Hydro66 Services AB, Hydro66 Svenska AB, and Hydro66 Property Services AB to Northern Data AG (XETRA: NB2) in exchange for 338,273 shares in Northern Data AH (XETRA: NB2) and €1,751,544. The Northern Data AG shares cannot be sold prior to March 4, 2023. At closing on March 4, 2021, the Northern Data shares held by the Company had a value of EUR 32,338,899.

On March 10, 2021 Hydro66 Holdings Corp and its 100% owned subsidiary Hydro66 Canada Ltd were amalgamated as one company under the name Hydro66 Holdings Corp.

On April 13, 2021, the Company changed its name from Hydro66 Holdings Corp to Sixty Six Capital Inc to better reflect its existing business and future prospects.

Going concern

The Company's principal activity has been the provision of cloud colocation services, specialised in High Performance Computing, Storage, and information processing. With the sales of its subsidiaries on March 4, 2021, the principal activity of the Company changed materially as described above. During the period the Company incurred a net income of \$37,730,662 (three months ended March 31, 2020: net loss \$1,280,749). The positive result in the period mostly reflects the difference between the book value of the sold entities compared to the transaction price together with revaluation of shares owned in Northern Data AG to market price on March 31, 2021. As an effect of the Company's sale of the data center operation, the Company has drastically reduced its need of future financing to support the business.

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. The directors do not expect any problems with funding the next 12 months to enable the Company to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic that is still active. 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.

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all the information required for full annual financial statements.

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These condensed interim consolidated financial statements are presented in Canadian dollars and include accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated upon consolidation.

3. Significant accounting policies

We applied the same accounting policies in these condensed consolidated interim financial statements as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2020. No new or revised standards or interpretations have been identified that could have a significant impact on the Company's condensed consolidated financial statements for 2021 and forward. Accounting standards that are used for the first time by the Company in this condensed consolidated financial statement applies to investments in equity securities and is described in note 19 "Financial Instruments and Risk Management".

In preparing these condensed interim consolidated financial statements, the significant judgements we made in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2020.

You should read these condensed interim consolidated financial statements in conjunction with the Company's annual audited consolidated financial statements as at and for the years ended December 31, 2020 and 2019.

4. Corporate Reorganization

On January 7, 2021 the Company entered into a letter of intent with Northern Data AG to sell the Data Center located in Boden, Sweden. On March 4, 2021 the Company completed the sale of Hydro66 UK Ltd and its three Swedish subsidiaries to Northern Data AG in exchange for 338,273 Northern Data Shares and EUR 1,754,544 (\$2,723,595) in cash subject to adjustment based on the consolidated balance sheet of Hydro66 UK as of the closing date of the transaction. The received shares are subject to a two-year holding period which expires on March 4, 2023.

The cash element of the proceeds from the sale of the subsidiaries is a total of EUR 1,754,544. EUR 1,213,544 of this is to be held in an Escrow Account and EUR 538,000 was received by Hydro66 Holding Corp on completion of the deal. On March 4, 2022 EUR 1,000,000 less any payments made from the escrow account, or outstanding claims on the escrow account shall be released to Hydro66 Holdings Corp, with the remainder to be released on March 4, 2023.

On March 10, 2021 Hydro66 Holdings Corp and its 100% owned subsidiary Hydro66 Canada Ltd were amalgamated as one company under the name Hydro66 Holdings Corp.

5. Restricted cash

	Mar 31, 2021 \$	Dec 31, 2020 \$
Escrow cash from disposal of subsidiaries		
- current portion	1,517,220	-
- non-current portion	298,648	-
Total restricted cash	<u>1,815,868</u>	<u>-</u>

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Unaudited - Expressed in Canadian Dollars)

6. Amounts Receivable and Prepaids

	Mar 31, 2021	Dec 31, 2020
	\$	\$
Trade receivables, gross	-	151,511
Allowance for credit losses	-	-
Trade receivables, net	-	151,511
Prepayments and other debtors	53,894	660,079
VAT/GST receivable	-	486,031
Provision GST receivable	-	(220,134)
Energy tax rebate	-	-
Employee loans	249,040	250,349
Total current trade and other receivables	302,934	1,208,695

7. Property, Plant and Equipment

	Land & Buildings	Plant & Machinery	Office Equipment	Assets under Construction	Total
	\$	\$	\$	\$	\$
Cost					
At December 31, 2020	6,959,463	14,831,355	62,842	-	21,853,660
Additions	60,351	484,566	-	-	544,917
Disposals of subsidiaries	(6,855,142)	(14,965,790)	(5,802)	-	(21,826,734)
Disposals	-	-	(57,264)	-	(57,264)
Effect of foreign exchange	(164,672)	(350,131)	224	-	(514,579)
At March 31, 2021	-	-	-	-	-
Accumulated Depreciation					
At December 31, 2020	495,837	5,537,212	62,772	-	6,095,821
Depreciation for period	23,093	399,771	70	-	422,934
Disposals of subsidiaries	(507,197)	(5,806,207)	(5,802)	-	(6,319,206)
Disposals	-	-	(57,264)	-	(57,264)
Effect of foreign exchange	(11,733)	(130,776)	224	-	(142,285)
At March 31, 2021	-	-	-	-	-
Net book value					
At March 31, 2021	-	-	-	-	-
At December 31, 2020	6,463,626	9,294,143	70	-	15,757,839

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Unaudited - Expressed in Canadian Dollars)

8. Right-of-use assets

	Leased equipment \$	Office premises \$	Total \$
Cost			
At December 31, 2020	2,774,629	214,608	2,989,237
Disposal of subsidiaries	(2,708,977)	(215,370)	(2,924,347)
Effect of foreign exchange	(65,652)	762	(64,890)
At March 31, 2021	-	-	-
Accumulated Depreciation			
At December 31, 2020	765,709	103,249	868,958
Depreciation for period	55,859	8,942	64,801
Disposal of subsidiaries	(806,542)	(112,556)	(919,098)
Effect of foreign exchange	(15,026)	365	(14,661)
At March 31, 2021	-	-	-
Net book value			
At March 31, 2021	-	-	-
At December 31, 2020	2,008,920	111,359	2,120,279

9. Digital currencies

	\$
Cost	
At December 31, 2020	187,243
Additions	1,283,571
Disposals	(1,283,881)
Disposals of subsidiaries	(182,502)
Effect of foreign exchange	(4,431)
At March 31, 2021	-
Impairment	
At December 31, 2020	168,586
Disposals of subsidiaries	(164,597)
Effects on foreign exchange	(3,989)
At March 31, 2021	-
Carrying value after impairment	
At March 31, 2021	-
At December 31, 2020	18,657

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Unaudited - Expressed in Canadian Dollars)

10. Investments in equity securities

	Mar 31, 2021 \$	Dec 31, 2020 \$
Purchase price shares Northern Data AG	49,065,239	-
Fair market value effect on shares Northern Data AG	1,999,535	-
Total investments in equity securities	51,064,775	-

The purchase price for the shares in Northern Data AG have been calculated from the 338,273 shares received as payment for the sold subsidiaries, multiplied with the market closing price for Northern Data AG on the closing date of March 4, 2021. 338,273 shares represent about 2,3% of Northern Data AG.

11. Accounts Payable and Accrued Liabilities

	Mar 31, 2021 \$	Dec 31, 2020 \$
Trade payables	55,321	345,380
Other payables	154,385	212,443
Accrued expenses	160,000	831,211
Deferred income	-	1,425,750
Long term deferred income	-	(651,198)
Total trade and other payables	369,706	2,163,586

12. Short term borrowings

	Mar 31, 2021 \$	Dec 31, 2020 \$
Loans payable	-	1,086,986
Total loans payable	-	1,086,986

For detailed changes in short term borrowings during the period, see note 17, "Reconciliation of liabilities arising from financing activities".

13. Lease liabilities

	\$
At December 31, 2020	2,170,015
Interest	23,342
Payments	(85,576)
Disposals of subsidiaries	(2,056,438)
Effect on foreign exchange	(51,343)
At March 31, 2021	-
Current portion of lease liabilities	-
Long-term portion of lease liabilities	-

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Unaudited - Expressed in Canadian Dollars)

14. Convertible Debentures

	Mar 31, 2021	Dec 31, 2020
	\$	\$
Principal amount	4,768,063	4,768,063
Accumulated interest	785,215	667,646
Non-current loans payable	<u>5,553,278</u>	<u>5,435,709</u>

For detailed changes in Convertible debentures during the period, see note 17, “Reconciliation of liabilities arising from financing activities”.

15. Long term deferred income

	Mar 31, 2021	Dec 31, 2020
	\$	\$
Deferred income from customers	-	1,425,750
Revenue within 12 months	-	(774,552)
Total long term deferred income	<u>-</u>	<u>651,198</u>

16. Provisions

	Mar 31, 2021	Dec 31, 2020
	\$	\$
Provision for eventual VAT reclaim by Swedish Tax Authorities	2,224,434	2,390,177
Reduction of VAT receivables	-	(220,134)
Total Provisions	<u>2,224,434</u>	<u>2,170,043</u>

The Company’s earlier owned Swedish entity Hydro66 Svenska AB has been under a tax review regarding parts of its deducted VAT for the period 2016-2020. The Company have given the buyer of Hydro66 Svenska AB an indemnity to be liable for tax rulings attributed to periods before the transaction date (March 4, 2021). The Swedish Tax Authorities have not yet come with a ruling but have expressed an intent on reclaiming parts of the VAT deducted by the entity on grounds that Hydro66 Svenska AB is mining crypto currencies for its own use. The Company do not share the Swedish Tax Authorities opinion and is of the clear position that all its services is VAT eligible and preformed for its customers. Since the legal framework regarding cryptocurrency related tax issues is still untested and the Swedish Tax Authorities is known for its aggressive stance in the matter, the Company has chosen to record a provision regarding the expected VAT reclaim. The amount recorded represent an outcome of about 50% of the total amount that is under consideration and represents the weighted effect of the expected decision from the Swedish Tax Authorities together with the probability of the outcome.

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Unaudited - Expressed in Canadian Dollars)

17. Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings	Short-term borrowings	Total
January 1, 2021	5,435,709	1,086,986	6,522,695
Cash-flows:			
- Disposals of subsidiaries	-	(1,086,986)	(1,086,986)
Non-cash:			
- Accrued interest	117,569	-	117,569
March 31, 2021	5,553,278	-	5,553,278

18. Equity

Below is a description of the nature and purpose of each reserve within equity.

Share option reserve	Reserve for share-based payments on options granted during the period not yet exercised.
FX reserve	Foreign exchange translation gains and losses arising on the translation of the Financial Statements from the functional to the presentational currency, including translation gains and losses arising on the translation of net investments in foreign subsidiaries.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Other reserve	Reserve to reflect the difference between the share capital of the legal parent (Hydro66 Holdings Corp, formerly Caza Gold Corp) and the share capital of the legal subsidiary (Hydro66 UK Limited).

(a) Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid. All of the common shares are of the same class and, once issued rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up.

There are 130,649,950 shares in issue, all fully paid as at March 31, 2021.

(b) Reconciliation of changes in share capital

No changes in share capital has taken place during the three months ended March 31, 2021.

(c) Stock options

The Company has established a rolling Stock Option Plan (the "Plan"). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant less an applicable discount. The options can be granted for a maximum of five years and vesting periods are determined by the Board.

Following is a summary of changes in stock options outstanding for the period ended March 31, 2021.

	Outstanding	Weighted average exercise price \$
Balance, December 31, 2020	10,625,000	0.40
Granted	2,430,000	0.16
Cancelled	-	-
Exercised	-	-
Balance, March 31, 2021	13,055,000	0.36

SIXTY SIX Capital Inc, formerly HYDRO66 HOLDINGS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Unaudited - Expressed in Canadian Dollars)

18. Equity (continued)

The stock options outstanding and exercisable as at March 31, 2021 are as follows:

Outstanding	Exercisable	Exercise Price	Expiry date
5,600,000	5,600,000	0.50	April 30, 2021
225,000	225,000	0.50	June 12, 2021
600,000	600,000	0.38	January 9, 2022
600,000	400,000	0.45	May 15, 2022
400,000	266,667	0.50	June 13, 2022
3,200,000	2,133,333	0.21	November 18, 2022
2,430,000	2,430,000	0.16	March 25, 2024
13,055,000	11,455,000		

(d) Share based compensation

During the three months ended March 31, 2021 the Company:

- Granted 2,430,000 stock options with an exercise price per share of \$0.16 and an expiry date of March 25, 2024.
- recognized stock-based compensation of \$143,237.

The fair value of share options is calculated using the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

The following weighted average assumptions were used for the valuation of the stock options:

	Mar 31, 2021
Risk-free interest rate	2.00%
Expected life (years)	2.0
Annualised volatility	42.00%
Dividend rate	0.00%

(e) Warrants

Following is a summary of changes in warrants outstanding for the period ended March 31, 2021:

	Warrants outstanding	Weighted average exercise price \$
Balance, December 31, 2020	3,723,750	0.75
Issued	-	-
Expired	-	-
Exercised	-	-
Balance, March 31, 2021	3,723,750	0.75

The warrants outstanding and exercisable as at March 31, 2021, are as follows:

Outstanding	Exercise price \$	Expiry date
3,723,750	0.75	July 12, 2021
3,723,750		

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19. Financial Instruments and Risk Management

General Objectives, Policies and Processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

The Board reviews its monthly reports through which it assesses the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors.

i) Categories of financial assets and liabilities

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Investments in equity securities
- Trade and other payables
- Borrowings and convertible loan notes

Trade and other receivables are initially measured at the amount of consideration that is unconditional. The Group holds trade receivables with the objective of collecting the contractual cash flows so is subsequently measured at amortized cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated Statement of Comprehensive Income in the relevant period.

The fair value of investments in equity securities is measured based on the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in comprehensive income / (loss).

Trade and other payables are measured at book value. The book value of financial assets and liabilities equates to their fair value.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

As at March 31, 2021, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

March 31, 2021	Within 6 months	Current 6 to 12 months	1 to 5 years	Non-current Later than 5 years
Promissory loan notes	-	-	6,238,483	1,715,764
Lease liabilities	-	-	-	-
Short term borrowing	-	-	-	-
Trade and other payables	369,706	-	-	-
Total	369,706	-	6,238,483	1,715,764

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

December 31, 2020	Within 6 months	Current 6 to 12 months	1 to 5 years	Non-current Later than 5 years
Promissory loan notes	-	340,209	5,898,274	1,715,764
Lease liabilities	295,745	295,745	1,747,225	408,032
Short term borrowings	1,086,986	-	-	-
Trade and other payables	2,163,586	-	-	-
Total	3,546,317	635,954	7,645,499	2,123,796

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

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19. Financial Instruments and Risk Management (continued)

Cash and cash equivalents

Cash and cash equivalents are held in Canadian Dollars (\$), United States Dollars (USD), Swedish Krona (SEK) and Sterling (GBP) and placed on deposit in Canadian, Swedish and UK banks.

(ii) Risk exposures

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

The credit risk in respect of cash balances held with banks is remote as they are held only with major reputable financial institutions.

The Group is mainly exposed to credit risk from credit sales. At March 31, 2021 the Group had net trade receivables of \$nil (Dec 31, 2020: \$151,511).

The Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables, including certain trade receivables not yet due, were not considered recoverable and a provision of \$nil (Dec 31, 2020: \$nil) has been recorded accordingly. The trade receivables considered irrecoverable relate to customers which are experiencing trading difficulties. In addition, some of the recoverable trade receivables are past due as at the reporting date.

The extent of the financial assets past due but not impaired is as follows:

Trade receivables days past due but not impaired:

Current	0-30 days	More than 30 days	More than 60 days	More than 90 days	Total
-	-	-	-	-	-

This compares to the previous reporting period (Dec 31, 2020) of:

Current	0-30 days	More than 30 days	More than 60 days	More than 90 days	Total
120,026	-	-	-	31,485	151,511

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Impairment losses on trade receivables are presented as net impairment losses within other operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customer with agreed credit terms. The Group also mitigates the credit risk by requesting payment in advance.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Group manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations.

Short-term liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days.

Longer-term liquidity risk is the ability of the Group to continue as a going concern. This risk is managed by the preparation by the Directors of cash flow forecasts and the strict management of expenditure.

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19. Financial Instruments and Risk Management (continued)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars, US Dollars and Pounds Sterling. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At March 31, 2021 1 Canadian Dollar was equal to 0.7962 US Dollar, 0.5776 Pounds Sterling, 0.6790 Euro and 6,9532 Swedish Krona.

Balances are as follows:

	US Dollars	Pound Sterling	Euro	Swedish Krona	CAD equivalent
Cash	336,967	62,690	-	-	531,754
Accounts receivable and other debtors	-	289,211	-	-	500,712
<u>Accounts payable and accrued liabilities</u>	<u>-</u>	<u>(205,139)</u>	<u>-</u>	<u>-</u>	<u>(355,158)</u>
	336,967	146,762	-	-	677,308

Based on the net exposures as of March 31, 2021 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar, Pound Sterling and Swedish Krona would result in the Company's comprehensive loss on financial instruments being approximately \$70,000 higher (or lower).

(c) Commodity Price Risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's risks relate primarily to there being sufficient demand for colocation within the Data Centre and to the price of electricity which is the main cost driver on gross margin.

(d) Digital Assets Price Risk

Digital assets are measured by taking the rate from Coinmarketcap.com. Digital asset 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. The profitability of the Company is directly related to the current and future market price of digital assets; in addition, the Company may not be able liquidate its inventory of digital assets at its desired price if required. 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 sales of digital assets.

Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance.

(e) Equity price risk

The Company is exposed to equity risk due to the significance of its holding of Northern Data shares, of which it holds 338,273. On March 31, 2021 these shares were valued at €102.5 each, for a total of EUR 34,672,983. A change in the price of Northern Data AG shares by +/- €1, will impact the value of the Company's holding by €338,273 (\$498,193 at March 31, 2021).

A 10% fluctuation in the value of Northern Data AG shares from the value at March 31, 2021 would result in the Company recording a gain or loss through the change in fair value of investments in equity securities of \$5,106,478.

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19. Financial Instruments and Risk Management (continued)

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support the expansion of the Data Centre and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. There has been no change to the Company's capital management strategy in the 2020 fiscal year, and the Company is not subject to any externally imposed capital requirements.

20. Segmented Information

The Company's operations are centred on providing data centre services and information processing services. Management therefore considers there are two reporting segments for the Company.

The geographical split of revenue by customer location is as follows:

	Three months ended March 31,					
	2021	2021	2021	2020	2020	2020
	\$	\$	\$	\$	\$	\$
	Data Center Services	Information Processing Services	Total	Data Center Services	Information Processing Services	Total
United Kingdom	320,099	-	320,099	8,166	-	8,166
Asia	-	1,304,384	1,304,384	-	760,316	760,316
USA & Canada	-	57,862	57,862	43,622	17,181	60,803
Rest of Europe	96,140	-	96,140	127,932	2,560	130,492
	416,239	1,362,246	1,778,485	179,720	780,057	959,777

21. Related Party Transactions

During the three months ended March 31, 2021, Croft Legal Services Ltd, of which Richard Croft is a Director, provided legal services to Megamining Ltd of \$53,473.

During the three months ended March 31, 2021, the Group bought services from Chase Management Limited of which Nick DeMare is a director, for \$2,896.

On March 25, 2021 the Company granted the following options:

Name	Position	No of Options	Exercise Price	Expiry Date
David Rowe	Director	1,100,000	\$0.16	25th March 2024
Alex Johnstone	Director	500,000	\$0.16	25th March 2024
Richard Croft	Director	400,000	\$0.16	25th March 2024
Richard Patricio	Director	215,000	\$0.16	25th March 2024
Michael Hudson	Director	215,000	\$0.16	25th March 2024

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21. Related Party Transactions (continued)

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. Key management personnel remuneration includes the following expenses:

	Three months ended Mar 31, 2021 \$	Three months ended Mar 31, 2020 \$
Short-term employee benefits:		
- Salaries including bonuses	122,784	120,795
- Social security costs	16,437	16,170
	139,221	136,965
Post-employment benefits:		
- Defined contribution pension plans	571	943
Share-based payments	138,345	45,517
Total remuneration	278,137	183,425

22. Subsequent Events

On April 13, 2021, the Company changed its name from Hydro66 Holdings Corp to Sixty Six Capital Inc to better reflect its existing business and future prospects.

On May 3, 2021 the Company granted the following options:

Name	Position	No of Options	Exercise Price	Expiry Date
David Rowe	Director	2,760,000	\$0.18	3th May 2024
Alex Johnstone	Director	1,250,000	\$0.18	3th May 2024
Richard Croft	Director	1,000,000	\$0.18	3th May 2024
Richard Patricio	Director	540,000	\$0.18	3th May 2024
Michael Hudson	Director	540,000	\$0.18	3th May 2024