

# **SIXTY SIX CAPITAL INC.**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

March 31, 2024

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## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED 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 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 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.  
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
(Unaudited - Expressed in Canadian Dollars)

	Notes	March 31, 2024 \$	December 31, 2023 \$
<b>ASSETS</b>			
Current Assets			
Cash		1,130,924	1,308,797
Prepaid expenses		16,210	21,347
Investments	2	14,283,287	10,743,909
Total current assets		15,430,421	12,074,053
<b>TOTAL ASSETS</b>		<b>15,430,421</b>	<b>12,074,053</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities		52,000	33,286
Current portion of convertible debentures	3	273,194	1,020,628
<b>Total current liabilities</b>		<b>325,194</b>	<b>1,053,914</b>
Non-Current Liabilities			
Convertible debentures	3	5,691,508	5,845,499
Total non-current liabilities		5,691,508	5,845,499
<b>TOTAL LIABILITIES</b>		<b>6,016,702</b>	<b>6,899,413</b>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>			
Share capital		35,259,988	35,259,988
		(181,699)	(181,699)
Other reserves		(7,155,763)	(7,155,763)
Share option reserve		2,960,014	2,960,014
Accumulated other comprehensive loss		(21,468,821)	(25,707,900)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIT)</b>		<b>9,413,719</b>	<b>5,174,640</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		<b>15,430,421</b>	<b>12,074,053</b>

These condensed interim financial statements were approved for issue by the Board of Directors on May 24, 2024 and are signed on its behalf by:

/s/ David Rowe  
David Rowe  
Director

/s/ Richard Croft  
Richard Croft  
Director

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

SIXTY SIX CAPITAL INC.  
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)  
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended March 31, 2024							
	Share Capital		Reserves			Other Comprehensiv e Gain/(Loss)	Retained Earnings/(Deficit)	Total Shareholders' Equity/(Deficit)
	Number of Shares	Amount \$	Other \$	Share-Based Compensation \$	\$			
Balance at December 31, 2023	139,740,857	35,078,289	(7,155,763)	2,960,014		(25,707,900)	5,174,640	
Net income for the period						4,239,079	4,239,079	
<b>Balance at March 31, 2024</b>	<b>139,740,857</b>	<b>35,078,289</b>	<b>(7,155,763)</b>	<b>2,960,014</b>	<b>-</b>	<b>(21,468,821)</b>	<b>9,413,719</b>	

  

	Three Months Ended March 31, 2023							
	Share Capital		Reserves			Other Comprehensiv e Gain/(Loss)	Retained Earnings/(Deficit)	Total Shareholders' Equity/(Deficit)
	Number of Shares	Amount \$	Other \$	Share-Based Compensation \$	\$			
Balance at December 31, 2022	139,740,857	35,078,289	(7,155,763)	2,960,014	(167,720)	(35,345,669)	(4,630,849)	
Net income for the period						3,041,807	3,041,807	
<b>Balance at March 31, 2023</b>	<b>139,740,857</b>	<b>35,078,289</b>	<b>(7,155,763)</b>	<b>2,960,014</b>	<b>(167,720)</b>	<b>(32,303,862)</b>	<b>(1,589,042)</b>	

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

SIXTY SIX CAPITAL INC.  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (LOSS)  
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended on March 31,	
	2024	2023
	\$	\$
Expenses		
Accounting and administration	18,000	7,300
Bank charges	80	69
Legal	6,862	1,831
Director and officer compensation	29,732	-
Office	292	587
Regulatory fees	7,894	8,288
Transfer agent	793	1,076
Travel	5,054	-
<b>Total Expenses</b>	<b>68,707</b>	<b>19,151</b>
<b>Loss before other items</b>	<b>(68,707)</b>	<b>(19,151)</b>
<b>Other items</b>		
Interest income	5,279	813
Interest expense	(119,202)	(120,943)
Realized Loss on sales of Investment- Northern Data Shares	(5,327,596)	-
Unrealized gain on investment in equity security	9,749,708	3,202,614
Loan payable write off	833	-
Foreign exchange	(1,237)	(21,526)
<b>Net other items</b>	<b>4,307,786</b>	<b>3,060,958</b>
<b>Net and comprehensive income (loss) for the period</b>	<b>4,239,079</b>	<b>3,041,807</b>
Basic and diluted income (loss) per common share	\$ 0.03	\$ 0.02
Weighted average number of common shares outstanding	139,740,857	139,740,857

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

SIXTY SIX CAPITAL INC.  
CONDENSED INTERIM STATEMENT OF CASH FLOW  
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended March 31	
	2024	2023
	\$	\$
<b>Operating activities</b>		
Net income (loss) for the period	4,239,079	3,041,807
Adjustments for:		
Realized Loss on sales of Investment- Northern Data Shares	5,327,596	-
Unrealized (gain) loss on investment in equity securities	(9,749,708)	(3,202,614)
Foreign exchange loss	(1,237)	16,828
Loan write off	833	-
Interest expense	119,230	120,943
	<u>(64,207)</u>	<u>(23,036)</u>
Changes in non-cash working capital items:		
Decrease in prepaid expenses	5,138	5,137
Increase in accounts payable and accrued liabilities	19,089	(24,340)
	<u>24,227</u>	<u>(19,203)</u>
<b>Net cash used in operating activities</b>	<b>(39,981)</b>	<b>(42,239)</b>
<b>Investing Activities</b>		
Sell of investments	1,924,719	-
Purchase of investments	(1,041,984)	-
	<u>882,735</u>	<u>-</u>
<b>Financing activity</b>		
Advances received	-	30,000
Repayment of debentures	(1,020,627)	-
<b>Net cash provided by financing activity</b>	<b>(1,020,627)</b>	<b>30,000</b>
<b>Net change in cash</b>	<b>(177,873)</b>	<b>(12,239)</b>
Cash at beginning of period	1,308,797	41,174
<b>Cash and cash equivalents, end of year</b>	<b>1,130,924</b>	<b>28,935</b>

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

## 1. Nature of Operations and Going Concern

### Nature of Operations

The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Ontario and Nova Scotia and trades on the Canadian Securities Exchange (“CSE”) under the symbol “SIX” and on the OTCQB under the symbol “HYHDF”. The Company’s registered office is located at #1305-1090 West Georgia Street, Vancouver, BC V6E 3V7, Canada.

The Company is currently an investor and developer active in Fin Tech. The Company’s investment portfolio, as of March 31, 2024, consists of shares of Northern Data AG (“Northern Data”), a specialist technology company that provides high performance computing infrastructure solutions, shares of Purpose Bitcoin ETF (“Purpose ETF”), and an investment via a Simple Agreement for Future Tokens (SAFT) in Stabull.finance, a decentralised swap facility. <https://stabull.finance>. The Company continues to review business and investments opportunities within the Fin Tech space, including investing in cryptocurrencies.

During the three months ended March 31, 2024 (“Q1/2024”) the Company reported net income of \$4,239,079 compared to a net income of \$3,041,807 for the three months ended March 31, 2023 (“Q1/2023”), a fluctuation of \$1,200,272.

As at March 31, 2024 the Company had working capital of \$14,983,079 and an accumulated deficit of \$28,624,584. These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future.

### Statement of Compliance

These condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended December 31, 2023.

### Basis of Measurement

The Company’s condensed interim financial statements have been prepared on the historical cost basis except for cash flow information and certain financial instruments which are measured at fair value. These condensed interim financial statements are presented in Canadian dollars unless otherwise stated.

## 2. Investments

	March 31, 2024	December 31, 2023
	\$	\$
Northern Data AG (“Northern Data”)	3,071,053	4,834,509
Purpose Bitcoin ETF (“Purpose ETF”)	10,671,750	5,909,400
Stabull.Finance	540,484	-
	<u>14,283,287</u>	<u>10,743,909</u>

During 2024 fiscal year to date the Company sold 50,000 shares of Northern Data for \$1,924,719.31 resulting in a realized loss on sale of investment of \$5,671,530.69. The company also purchased 40,000 shares of Purpose ETF for \$501,510 during this period.

SIXTY SIX CAPITAL INC.  
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS ENDED MARCH 31, 2024  
 (Unaudited - Expressed in Canadian Dollars)

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**3. Convertible Debentures**

	March 31, 2024	December 31, 2023
	\$	\$
Principal	4,768,063	4,768,063
Accumulated interest	1,196,639	2,098,064
Non-current loans payable	<u>5,964,702</u>	<u>6,866,127</u>

The Company has received a number of loans and issued convertible debentures which bear interest at 10% per annum and are repayable between December 2023 and August 2027. During the three months ended March 31, 2024 the Company recognized \$119,202 (2023 - \$119,202) of interest expense. The amount of the loans, at the option of each lender, will be convertible into common shares of the Company at the market price at time of such conversion in accordance with the policies of and subject to acceptance by the CSE. The value of the embedded derivative is considered to be \$nil as the number of shares will be issued to equate to the amount of the original loan and so there is no upside or downside to the option for either party. The Company has a prepayment option. The value of the embedded derivative will depend on how significant the transaction costs incurred were on the issue of the loan notes. The transaction costs were \$nil and so this embedded derivative has no value.

**4. Share Capital**

**(a) Authorized Share Capital**

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

**(b) Equity Financings**

No equity financings were conducted by the Company during the three months ended March 31, 2024.

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 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 during first quarter of the fiscal year ending on December 31, 2024 and the Company is not subject to any externally imposed capital requirements.

**Share Option Plan**

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. 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. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years from the date of grant.

A summary of the Company's share options at March 31, 2024 and 2023 and the changes for the three months ended on those dates, is as follows:

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**4. Share Capital - (Continued)**

	2024		2023	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Balance, beginning of period	13,974,083	\$ 0.13	13,974,083	\$ 0.13
Expired	(2,430,000)	\$ 0.16		
Balance, end of period	<u>11,544,083</u>		<u>13,974,083</u>	

The following table summarizes information about the share options outstanding and exercisable at March 31, 2024:

Number of option shares	Exercise price	Expiry date
6,090,000	\$ 0.18	03-May-24
5,454,083	0.05	16-Dec-25
<u>11,544,083</u>		

On May 8th, 2024, the company issued options to the Directors as follow;

Name	Position	No. of Common Shares
David Rowe	CEO	3,325,000
Alex Johnstone	CFO	2,850,000
Richard Croft	Director	2,375,000
Chris Irwin	Director	950,000
	TOTAL	<u>9,500,000</u>

All Options, vest immediately and allow the holder to purchase common shares of the Company at an exercise price of \$0.05 per common share, expiring May 8, 2027.

**5. Related Party Disclosures**

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 consists of members of the Company's Board of Directors and its executive officers.

**Transactions with Key Management Personnel**

During the three months ended March 31, 2024 the Company incurred directors and officers compensation of \$24,500 (2023 - \$nil) to its current key management personnel. As at March 31, 2024 no amounts remained unpaid in relation to management compensation.

On May 8th, 2024, the company issued options to the Directors as follow;

Name	Position	No. of Common Shares
David Rowe	CEO	3,325,000
Alex Johnstone	CFO	2,850,000
Richard Croft	Director	2,375,000
Chris Irwin	Director	950,000
	TOTAL	<u>9,500,000</u>

All Options, vest immediately and allow the holder to purchase common shares of the Company at an exercise price of \$0.05 per common share, expiring May 8, 2027.

## 6. 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 Company'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.

### Categories of Financial Assets and Liabilities

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:  
 Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;  
 Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and  
 Level 3 - Inputs that are not based on observable market data.

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

- (i) Amount receivables
- (ii) Cash
- (iii) Investment in equity security
- (iv) Accounts payable and accrued liabilities
- (v) Advances and convertible debentures
- (vi) Amount due

Amount receivables are initially measured at the amount of consideration that is unconditional. The Company 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 condensed interim statement of comprehensive income (loss) in the relevant period.

The fair value of the investment in equity security is measured based on level 1 at the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in comprehensive income (loss).

Accounts payable and accrued liabilities are measured at book value. The book value of financial assets and liabilities equates to their fair value. Accounts payable and accrued liabilities principally comprise amounts outstanding for trade purchases and ongoing costs.

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	As at March 31, 2024			
	Within 6 Months \$	Current 6-12 Month \$	Non-Current 1 - 5 Year \$	Non-Current Over 5 Years \$
Accounts payables and accrued liabilities	52,000			
Convertible debentures	-	273,194	5,691,508	
<b>Total</b>	<b>52,000</b>	<b>273,194</b>	<b>5,691,508</b>	<b>-</b>

SIXTY SIX CAPITAL INC.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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(Unaudited - Expressed in Canadian Dollars)

**6. Financial Instruments and Risk Management - (Continued)**

	As at March 31, 2023			
	Within	Current 6-12	Non-Current	Non-Current
	6		1 - 5	Over
	Months	Month	Year	5 Years
	\$	\$	\$	\$
Accounts payables and accrued liabilities	173,951			
Advances	95,370			
Amount due	1,036,826			
Convertible debentures	-		6,508,523	
Total	1,306,147	-	6,508,523	-

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

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

- (i) Amount receivables
- (ii) Cash
- (iii) Investment in equity security
- (iv) Accounts payable and accrued liabilities
- (v) Advances and convertible debentures
- (vi) Amount due

Amount receivables are initially measured at the amount of consideration that is unconditional. The Company 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 condensed interim statement of comprehensive income (loss) in the relevant period.

The fair value of the investment in equity security is measured based on level 1 at the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in comprehensive income (loss).

Accounts payable and accrued liabilities are measured at book value. The book value of financial assets and liabilities equates to their fair value. Accounts payable and accrued liabilities principally comprise amounts outstanding for trade purchases and ongoing costs.

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	As at March 31, 2024			
	Within	Current 6-12	Non-Current	Non-Current
	6		1 - 5	Over
	Months	Month	Year	5 Years
	\$	\$	\$	\$
Accounts payables and accrued liabilities	52,000			
Convertible debentures	-	273,194	5,691,508	
Total	52,000	273,194	5,691,508	-

SIXTY SIX CAPITAL INC.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**6. Financial Instruments and Risk Management - (Continued)**

	As at March 31, 2023			
	Within		Non-Current	Non-Current
	6	Current 6-12	1 - 5	Over
	Months	Month	Year	5 Years
	\$	\$	\$	\$
Accounts payables and accrued liabilities	173,951			
Advances	95,370			
Amount due	1,036,826			
Convertible debentures	-		6,508,523	
Total	1,306,147	-	6,508,523	-

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

**Cash and Cash Equivalents**

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

**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 Company. The Company 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 Company is mainly exposed to credit risk from credit sales.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company 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 Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company'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 Company 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.

**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, Euros, 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, 2024 the Canadian Dollar was equal to 0.69 Euro, 0.74 US Dollar and 0.59 Pounds Sterling

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**6. Financial Instruments and Risk Management - (Continued)**

Based on the net exposures as of March 31, 2024 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro, US Dollar and Pounds Sterling would result in the Company's net income or loss being approximately \$1,515,770 higher (or lower).

(c) Equity Price Risk

The Company is exposed to equity risk due to the significance of its holding of 77,800 common shares of Northern Data. On March 31, 2024 these shares were valued at €26.85 each, for a total of €2,088,930. A change in the price of Northern Data shares by +/- €1, will impact the value of the Company's holding by €208,893. A 10% fluctuation in the value of Northern Data common shares from the value at March 31, 2024 would result in the Company recording a gain or loss through unrealized loss or gain in fair value of investment in equity security of \$448,595