

### Notice to Reader

Newtopia Inc. is hereby refiling these Financial Statements for the quarter ended March 31, 2024. The previous version filed included a minor typographical error in Note 12 Economic Dependence related to the month of a contract notice. The correct month is now disclosed.



Condensed Interim Consolidated Financial Statements of

**NEWTOPIA INC.**

For the Three Months Ended

March 31, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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

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

The Company's independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

June 5, 2024

# **NEWTOPIA INC.**

Condensed Interim Consolidated Financial Statements (Unaudited)  
Three Months Ended March 31, 2024 and 2023

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## NEWTOPIA INC.

### Condensed Interim Consolidated Statements of Financial Position (Unaudited)

As at March 31, 2024 and December 31, 2023

(Expressed in Canadian Dollars)

	Note	March 31, 2024	December 31, 2023
		\$	\$
<b>Assets</b>			
Current assets			
Cash		329,562	387,339
Trade and other receivables	3	1,367,427	1,400,959
Contract asset	8	162,236	259,072
Prepaid expenses and deposits		273,287	101,043
Inventories		111,496	115,232
Deferred costs		52,850	64,583
		<b>2,296,858</b>	<b>2,328,228</b>
Property and equipment			
		3,930	4,665
		<b>2,300,788</b>	<b>2,332,893</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables		2,318,781	1,825,356
Credit facility	6	4,588,213	4,767,006
Deferred revenue		48,185	48,185
Debenture	5	3,836,502	3,723,530
		<b>10,791,681</b>	<b>10,364,077</b>
Debentures			
	5	1,412,236	1,387,476
		<b>12,203,917</b>	<b>11,751,553</b>
<b>Equity/Deficit</b>			
Common shares	6 (a)	49,754,858	49,404,596
Contributed surplus	7	14,525,828	14,151,188
Deficit		(74,183,815)	(72,974,444)
		<b>(9,903,129)</b>	<b>(9,418,660)</b>
		<b>2,300,788</b>	<b>2,332,893</b>

Nature of business and going concern 1

Signed on behalf of the Board:

*"Jeffrey Ruby"*

*Director*

*"Karen Basian"*

*Director*

The accompanying notes form an integral part of and should be read in conjunction with these unaudited condensed interim consolidated financial statements.

**NEWTOPIA INC.**

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)  
Three Months Ended March 31, 2024 and 2023  
(Expressed in Canadian Dollars)

	Note	2024	2023
		\$	\$
<b>Revenue</b>	8,12	<b>1,814,000</b>	2,648,657
Cost of revenue	5	<b>899,396</b>	1,275,682
<b>Gross profit</b>		<b>914,604</b>	1,372,975
<b>Operating expenses</b>			
Technology and development		<b>435,242</b>	922,065
Sales and marketing		<b>248,372</b>	426,170
General and administrative		<b>898,457</b>	958,708
Share-based compensation	9	<b>73,665</b>	93,290
Depreciation of property and equipment		<b>735</b>	1,549
		<b>1,656,471</b>	2,401,782
<b>Other expenses</b>			
Interest on lease obligations		-	12,590
Interest and accretion expense		<b>267,361</b>	169,695
Finance charges		<b>129,025</b>	109,648
Foreign exchange loss		<b>3,308</b>	18,272
Loss on settlement of related party payable		<b>9,797</b>	-
Amortization of deferred finance charges		<b>58,013</b>	33,815
		<b>497,504</b>	344,020
<b>Net loss and comprehensive loss</b>		<b>(1,209,371)</b>	(1,372,827)
<b>Loss per share</b>			
Basic and diluted	11	<b>(0.01)</b>	(0.01)
<b>Weighted average number of common shares outstanding</b>			
Basic and diluted		<b>163,585,413</b>	133,083,887

The accompanying notes form an integral part of and should be read in conjunction with these unaudited condensed interim consolidated financial statements.

**NEWTOPIA INC.**

## Condensed Interim Consolidated Statements of Changes in Equity (Deficit) (Unaudited)

Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

	Note	Common Shares	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$
<b>Balance, December 31, 2023</b>		<b>49,404,596</b>	<b>14,151,188</b>	<b>(72,974,444)</b>	<b>(9,418,660)</b>
Net loss and comprehensive loss		-	-	(1,209,371)	(1,209,371)
Share-based compensation		-	73,665	-	73,665
Private Placement Offering of Units, net of issuance costs	6 (a)	373,549	267,891	-	641,440
Compensation options issued to brokers	6 (a)	(23,287)	23,287	-	-
Settlement of related party payable		-	9,797	-	9,797
<b>Balance, March 31, 2024</b>		<b>49,754,858</b>	<b>14,525,828</b>	<b>(74,183,815)</b>	<b>(9,903,129)</b>
Balance, December 31, 2022		47,978,992	12,861,449	(66,374,097)	(5,533,656)
Net loss and comprehensive loss		-	-	(1,372,827)	(1,372,827)
Share-based compensation		-	93,290	-	93,290
Settlement of related party payable		-	38,542	-	38,542
Private placement offering of Units, net of issuance costs	6 (a)	930,218	537,077	-	1,467,295
Compensation options	6 (a)	(26,443)	26,443	-	-
Balance, March 31, 2023		48,882,767	13,556,801	(67,746,924)	(5,307,356)

The accompanying notes form an integral part of and should be read in conjunction with these unaudited condensed interim consolidated financial statements.

## NEWTOPIA INC.

### Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

Three months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

	Note	Three months Ended March 31,	
		2024	2023
		\$	\$
<b>Cash flows used in operating activities:</b>			
Net loss and comprehensive loss		(1,209,371)	(1,372,827)
Items not involving cash:			
Depreciation of property and equipment		735	1,549
Amortization of intangible asset		-	206,513
Amortization of deferred finance charges		58,013	33,816
Debenture interest and accretion expense		137,728	74,920
Interest on lease obligations		-	12,590
Share-based compensation	9	73,665	93,290
Loss on settlement of related party payable		9,797	-
		(929,433)	(950,149)
Net change in non-cash working capital			
Trade and other receivables		33,532	87,753
Prepaid expenses and deposits		(172,244)	22,112
Inventories		3,736	110,595
Trade and other payables		493,424	(225,458)
Contract asset/liability		96,836	134,600
		(474,149)	(820,547)
<b>Cash flows used in investing activities</b>			
Purchase of property and equipment		-	(1,099)
		-	(1,099)
<b>Cash flows from (used in) financing activities:</b>			
Credit facility withdrawals	6	1,433,004	1,415,546
Credit facility repayments	6	(1,611,792)	(1,804,900)
Credit facility financing costs	6	(46,280)	(14,500)
Repayment of lease obligations		-	(249,375)
Proceeds from private placement issuance of Units, net of issuance costs	6 (a)	641,440	1,467,295
		416,372	814,066
Decrease in cash		(57,777)	(7,580)
Cash, beginning of period		387,339	345,950
<b>Cash, end of period</b>		<b>329,562</b>	<b>338,370</b>
<b>Supplemental disclosure of cash flow information,</b>			
Interest paid		258,658	197,723
Non-cash settlement of related party payable		9,797	38,542

The accompanying notes form an integral part of and should be read in conjunction with these unaudited condensed interim consolidated financial statements.

# NEWTOPIA INC.

## Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Three months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

### 1. Nature of business and going concern

Newtopia Inc. ("Newtopia" or the "Company") is a technology enabled habit change company that delivers disease prevention solutions by leveraging genetic testing, social and behavioral science to help individuals prevent chronic disease and reduce costs for health insurers. Newtopia was incorporated on May 9, 2008, pursuant to the provisions under the Business Corporations Act of Ontario, Canada. The Company's corporate headquarters and registered head office are located at 33 Bloor Street East, 5th Floor, Toronto, Ontario, M4W 3H1. The Company trades on the TSX Venture Exchange (the "TSX-V") under the symbol "NEWU".

The Company's unaudited condensed interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities in the normal course of operations. The Company incurred a comprehensive loss of \$1,209,371 for the three months ended March 31, 2024 and as of that date has an accumulated deficit of \$74,183,815. On March 7, 2023, the Company closed a private placement offering of units for gross proceeds of \$1,534,960 (See Note 6 (a)). On February 29, 2024, the Company closed a private placement offering of units for gross proceeds of \$746,500 (See Note 6 (a)). The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and/or achieve profitable operations in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the company's ability to continue as a going concern.

The unaudited condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate.

### 2. Basis of presentation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), using International Accounting Standard ("IAS 34"), Interim Financial Reporting.

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Newtopia US Inc. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2023 and accompanying notes. The Company has followed the same basis of presentation, accounting policies and method of computation for these unaudited condensed interim financial statements as were disclosed in the audited financial statements for the year ended December 31, 2023.

The unaudited condensed interim consolidated financial statements were approved for issuance by the Board of Directors on June 5, 2024.

### 3. Trade and other receivables

	March 31, 2024	December 31, 2023
	\$	\$
Trade receivables	1,322,151	1,334,260
Indirect taxes receivable	45,276	66,699
	<b>1,367,427</b>	<b>1,400,959</b>

The Company has estimated and set its expected credit losses at nil (March 31, 2023 - \$Nil) based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate.

## NEWTOPIA INC.

### Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Three months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

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#### 4. Credit facility

On December 4, 2020, the Company closed an Operating Credit Line Agreement (the "Facility") in the amount of \$5,000,000 with a Schedule I bank (the "Bank"). The Company could avail itself of the operating credit under the Facility by way of either Canadian dollars at prime lending rate plus 2.25% or United States dollars at the U.S. base lending rate plus 2.25%. The Facility is secured by all Newtopia property and is subject to certain covenants where the Company is required to meet minimum cash runway ratios. The Company intends to use the operating line facility to fund working capital requirements as needed.

In connection with the Facility, the Company was required to obtain a guarantee from Export Development Canada ("EDC") of 50% of the available Facility plus accrued and unpaid interest up to a maximum of 120 days (the "Guaranteed Amount"). The Company agreed to pay a guarantee fee of 2.35% of the Guaranteed Amount and guaranteed interest on outstanding amounts at the Lender's Prime Rate minus 0.05%. The initial guarantee covered the period from October 14, 2020 to September 30, 2021 (the "Guarantee Period"). In October 2021 the guarantee was extended until September 30, 2022. In October 2022, the guarantee was further extended until October 2024. As the Facility can be drawn upon and then repaid by the Company repeatedly throughout the term, the guarantee fees are in the nature of a facility fee and not specific to an amount borrowed. On this basis, the Company has deferred and amortized the guarantee fees over the Guarantee Periods regardless of whether there have been any draw-downs by the Company.

In accordance with the terms of the Facility, the Lender received 210,526 Warrants (the "Facility Warrants") on December 4, 2020, with each Warrant entitling the Lender to acquire one common share at a price of \$0.95 at any time within the earlier of maturity date of the Facility and December 4, 2025. The fair value of the Facility Warrants was determined at \$84,314 using the Black Scholes valuation model with the following assumptions: risk free interest rate of 0.27%, expected life of 5 years and expected volatility of 73.75%. The Company has classified the Facility Warrants within equity with the value of the Facility Warrants being treated as a transaction cost and deferred and amortized over the term of the Facility. The Facility Warrants expired unexercised on December 4, 2022. During the three months ended March 31, 2024, the Company incurred guarantee fees of \$31,730 and recognized amortization of guarantee fees in the unaudited Condensed Interim Statements of Loss and Comprehensive Loss of \$31,063 (three ended March 31, 2023 - \$14,340). As at March 31, 2024, the balance of unamortized deferred transaction costs related to deferred transaction costs was \$667 (December 31, 2023 - nil).

The Company was not in compliance with the Facility's minimum cash runway ratio covenant during certain months of 2021. In July 2021, the Bank agreed to not accelerate repayment of the Facility on the condition that the Company enter into a term sheet for a minimum \$2,000,000 capital injection by August 15, 2021 with the funds received no later than August 31, 2021. Any injection in the form of debt financing would be fully subordinated to the Bank's Facility. Pursuant to a term sheet dated August 10, 2021, the Company closed a private placement of \$2,545,000 debenture units on September 15, 2021 (see Note 5 (a)).

On September 20, 2021, the bank agreed to increase the Facility from \$5,000,000 to \$7,500,000, waive the Company's breach of its minimum cash runway ratio covenants for the selected months and reduce the threshold for the cash runway ratio covenant for the months from September to December 2021. On October 1, 2021, the EDC increased the Guaranteed Amount to 50% of the \$7,500,000 Facility. On January 31, 2022, the Company entered into an amendment with the bank to keep the reduced cash runway ratio covenant in place until May 31, 2022.

On June 29, 2022, the Company entered into a second amendment of the Facility with the Bank to replace the cash runway ratio covenant with a covenant to maintain minimum total liquidity thresholds for the months from May to September 2022 and to reduce the cash runway ratio covenant for the month of October 2022.

The Company was not in compliance with the runway ratio and liquidity covenants. On November 1, 2022, the Bank agreed to not accelerate repayment of the Facility on the conditions that the Company receives minimum capital injections of \$700,000 by November 11, 2022 and \$2,500,000 by December 15, 2022. Until the capital injections conditions are met, the maximum credit on the Facility was capped at \$4,880,760. Any injection in the form of debt financing would be fully subordinated to the bank's Facility. On October 26, 2022 and November 9, 2022, the Company issued \$300,000 and \$250,000 in subordinated 12% promissory notes, respectively, for an aggregate issuance of \$550,000, including \$50,000 provided by a director of the Company. On December 15, 2022, the Company repaid the promissory notes and issued subordinated 13% secured non-convertible debenture units for gross proceeds of CAD\$1,350,000 (see Note 5 (d)) which includes \$400,000 from the holders of the promissory notes.

## NEWTOPIA INC.

### Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Three months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 4. Credit Facility (Cont'd)

On May 15, 2023, the Bank issued a letter to the Company agreeing to refrain from accelerating repayment of the Facility subject to the agreement by the Company to the following, i) the Company is to provide evidence by May 31, 2023 of its intention to raise capital of no less than \$1,500,000 by June 30, 2023, ii) the Facility is to be repaid in full on or prior to November 30, 2023, iii) effective May 23, 2023, the Company is to pay 15% annual interest on advances in excess of the lesser of the borrowing base and the maximum limit of the Facility which is adjusted from \$4,880,760 to \$4,900,000, and iv) pricing on the Facility is increased by 3% per annum, payable in kind and subject to ratable forgiveness tied to full repayment of the loan before November 30, 2023. On July 14, 2023, the Company raised \$1,500,000 (See Note 7(b)). The Bank is continuing credit to the Company on a day-to-day basis subject to no further defaults and deterioration of its position.

As of March 31, 2024, \$4,588,213 was outstanding on the Facility (December 31, 2023 - \$4,767,006). Interest expense for the three months ended March 31, 2024 was \$115,058. (three ended March 31, 2023 - \$102,948).

Newtopia provides regular updates on all strategic alternatives to the Bank, and the Bank is continuing to provide credit as Company plans begin to materialize.

#### 5. Debentures

The following table is a summary of the amortized cost of the Debentures:

	8%	12%	12%	13%	13%	Total
	(a)	(a)	(b)	(c)	(d)	
	\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2022</b>	<b>2,409,103</b>	-	-	-	<b>1,068,772</b>	<b>3,477,875</b>
Value of liability component, net of issuance costs	-	1,671,072	723,369	1,302,584	-	3,697,025
Interest and accretion	307,071	82,402	38,487	176,248	303,942	908,150
Repayment	(967,900)	(11,567)	-	(48,750)	(1,31,625)	(1,159,842)
Loan extinguished (7)(a)	(1,735,000)	-	-	-	-	(1,735,000)
Loan restated on modification	(6,380)	(63,928)	-	-	-	(70,308)
Loan modification costs (7)(a)	(6,894)	-	-	-	-	(6,894)
<b>Balance, December 31, 2023</b>	<b>-</b>	<b>1,677,979</b>	<b>761,856</b>	<b>1,430,082</b>	<b>1,241,089</b>	<b>5,111,006</b>
Interest and accretion	-	70,947	40,808	73,506	81,470	266,731
Repayment	-	(41,614)	(23,017)	(21,125)	(50,853)	(136,609)
<b>Balance, March 31, 2024</b>	<b>-</b>	<b>1,707,312</b>	<b>779,647</b>	<b>1,482,463</b>	<b>1,271,706</b>	<b>5,241,128</b>
	\$	\$	\$	\$	\$	\$
Current portion - payable no later than one year	-	<b>1,707,309</b>	<b>780,277</b>	<b>70,231</b>	<b>1,278,685</b>	<b>3,836,502</b>
Non-current portion	-	-	-	<b>1,412,236</b>	-	<b>1,412,236</b>
	-	<b>1,707,309</b>	<b>780,277</b>	<b>1,482,467</b>	<b>1,278,685</b>	<b>5,248,738</b>

(a) September 2021 offering of 8% secured non-convertible debentures

On September 15, 2021, the Company closed a non-brokered private placement of subordinated and postponed 8.0% secured non-convertible debenture units (the "8% Debenture Units") for gross proceeds of \$2,545,000. Upon the maturity of the 8% Debentures on September 15, 2023, the Company amended \$1,735,000 of the \$2,545,000 8% Debentures to (a) extend the maturity date of the Debentures by one year to September 15, 2024; (b) bear

## NEWTOPIA INC.

### Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Three months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

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#### 5. Debenture (Cont'd)

interest at a rate of 12% for the period from September 15, 2023 until the new maturity date; and (c) include an early repayment fee equal to (i) six percent (6%) of the principal amount of the Debentures if such repayment occurs prior to March 15, 2024; or (ii) four percent (4%) of the principal amount of the 8% Debentures if such repayment occurs following March 15, 2024 but prior to September 15, 2024 (the "Amendment Debentures"). As consideration, the holders that agree to the amendments will receive, for no additional consideration, such number of common shares in the capital of the Company (the "Bonus Amendment Shares") as is equal to 10% of the principal amount of Amendment Debentures held divided by \$0.115, being the closing market price of the common shares of the Company on the TSXV on September 11, 2023. The Bonus Amendment Shares are subject to a four month hold period that expires on January 16, 2024. An aggregate of 1,508,682 Bonus Amendment Shares were issued to the holders of the \$1,735,000 Amendment Debentures.

On September 15, 2023, the Company repaid \$30,000 of the \$2,545,000 8% Debentures. The remaining \$780,000 of the \$2,545,000 8% Debentures was extended at the maturity date by one month until October 15, 2023, which was repaid on that date.

#### (b) September and October 2023 offering of 12% secured non-convertible replacement debentures

On September 11, 2023, the Company announced a non-brokered offering (the "Replacement Offering") of subordinated and postponed 12% secured non-convertible debenture units (the "Replacement Units"). Up to 255 Replacement Units may be issued pursuant to the Replacement Offering. Each Replacement Unit is comprised of: (i) \$10,000 principal amount of subordinated and postponed secured non-convertible debentures of the Company (the "Replacement Debentures"); and (ii) for no additional consideration, such number of common shares in the capital of the Company (the "Bonus Replacement Shares") as is equal to 10% of the principal amount of the Replacement Debentures purchased divided by \$0.115, being the closing market price of the common shares of the Company on the TSXV on September 11, 2023. The Replacement Debentures will mature on the date that is 12 months from the closing date of the Replacement Offering and are secured by the assets of the Company and bear interest at a rate of 12% per annum payable quarterly in arrears in cash. The Replacement Debentures may be repaid in part or in full at any time subject to an early repayment fee equal to: (i) six percent (6%) of the principal amount of the Replacement Debentures if such repayment occurs prior to six months following the closing date; or (ii) four percent (4%) of the principal amount of the Replacement Debentures if such repayment occurs following the date that is six months following the closing date but prior to the maturity date.

On September 29, 2023, the Company closed the first tranche of Replacement Units for gross proceeds of \$380,000. The Replacement Debentures will mature on September 29, 2024. An aggregate of 330,424 Bonus Replacement Shares were issued in connection with the closing of the first tranche. The principal amount net of transactions costs was \$339,190, of which \$323,890 was recorded as Replacement Debentures and \$15,300 was recorded as common shares relating to the Bonus Replacement Shares.

On October 13, 2023, the Company closed the second and final tranche of the Replacement Units for gross proceeds of \$425,000. The Replacement Debentures will mature on October 13, 2024. An aggregate of 369,565 Bonus Replacement Shares were issued in connection with the closing of the final tranche. The principal amount net of transactions costs was \$418,350, of which \$399,480 was recorded as Replacement Debentures and \$18,870 was recorded as common shares relating to the Bonus Replacement Shares.

#### (c) July 2023 offering of 13% secured non-convertible debentures

On July 14, 2023, the Company closed a non-brokered offering (the "July 2023 Offering") of subordinated and postponed 13% secured non-convertible debenture units (the "July 2023 Debenture Units") for gross proceeds of \$1,500,000. Each July 2023 Debenture Unit is comprised of: (i) \$10,000 principal amount of subordinated and postponed secured non-convertible debentures of the Company (the "July 2023 Debentures"); and (ii) for no additional consideration, 30,769 common shares of the Company (the "July 2023 Bonus Shares"). The July 2023 Bonus Shares are calculated based on 20% of the principal amount of the July 2023 Debentures purchased divided by \$0.065, being the closing market price of the common shares of the Company on June 29, 2023, (the trading day prior to the day on which the July 2023 Offering was initially announced on June 30, 2023). The securities issued pursuant to the July 2023 Offering are subject to a four month hold period that expires on November 15, 2023. An aggregate of 4,615,366 July 2023 Bonus Shares were issued in connection with the closing of the offering. The Debentures will mature on July 14, 2025 and are secured by the assets of the Company and bear interest at a rate of 13.0% per annum payable quarterly in arrears in cash. The principal amount net of transactions costs was

## NEWTOPIA INC.

### Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Three months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 5. Debenture (Cont'd)

\$1,370,559, of which \$1,279,228 was recorded as July 2023 Debentures and \$91,331 was recorded as common shares relating to the July 2023 Bonus Shares.

##### (d) December 2022 offering of 13% secured non-convertible debentures

On December 15, 2022, the Company closed a non-brokered offering of subordinated and postponed 13% secured non-convertible debenture units for gross proceeds of \$1,350,000.

Each unit is comprised of: (i) \$10,000 principal amount of subordinated and postponed secured non-convertible debentures of the Company (the "December 2022 Debentures"); and (ii) for no additional consideration, 66,666 common shares of the Company (the "December 2022 Bonus Shares"). The Bonus Shares are calculated based on 20% of the principal amount of the December 2022 Debentures purchased divided by \$0.03, being the closing price on the trading day prior to the day on which the offering was initially announced on November 30, 2022. An aggregate of 8,999,990 Bonus Shares were issued. The securities issued are subject to a four month hold period that expires on April 16, 2023.

The December 2022 Debentures will mature on December 15, 2024 and are secured by the assets of the Company and rights of the Company subordinated to the Credit Facility and bear interest at a rate of 13.0% per annum payable quarterly in arrears in cash.

The December 2022 Debentures cannot be redeemed for four months from closing of the offering; however can thereafter be repaid in part or in full at any time subject to an early repayment fee equal to: (i) 6% of the principal amount of the 13% Debentures if repayment occurs prior to the date that is six months following the closing date; (ii) 4% of such principal amount if repayment occurs following the date that is six months following the date of closing but prior to the first anniversary; (iii) 3% of such principal amount if repayment occurs following the first anniversary but prior to the date that is six months following such first anniversary; or (iv) 2% of such principal amount if repayment occurs following the date is six months following the first anniversary of the closing date but prior to the date of maturity.

The principal amount net of transactions costs was \$1,316,964, of which \$1,056,357 was recorded as December 2022 Debentures and \$260,607 was recorded as common shares relating to the December 2022 Bonus Shares.

#### 6. Equity

(a) Common shares, authorized unlimited

	Number of Shares	Amount \$
<b>Balance, December 31, 2023</b>	<b>158,335,303</b>	<b>49,404,596</b>
Private placement, net of issuance costs	14,930,000	373,549
Compensation options issued to brokers	-	(23,287)
<b>Balance, March 31, 2024</b>	<b>173,265,303</b>	<b>49,754,858</b>

## NEWTOPIA INC.

### Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

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#### 6. Equity (cont'd)

On February 29, 2024, the Company closed a brokered private placement offering of 14,430,000 units of the Company at a price of \$0.05 per unit for aggregate gross proceeds of \$721,500. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant ("Bonus Warrants"). Each warrant is exercisable to acquire one common share of the Company at an exercise price of \$0.10 per common share, subject to adjustments in certain events, until March 1, 2027. In consideration for the services provided by an agent of the offering, the agent received (i) a cash fee of \$38,675; and (ii) 721,000 non-transferable broker warrants ("Broker Warrants"), each of which is exercisable for one common share of the Company at \$0.05 per share, subject to adjustments in certain events, until March 1, 2026. Proceeds of this offering net of transaction costs was \$617,690.

The Company also concurrently closed a non-brokered private placement offering of 500,000 units for gross proceeds of \$25,000 on the same terms as the brokered private placement offering. A finder acting in connection with this placement received \$1,250 finder fees and 25,000 finder's warrants exercisable for the Company's common shares on substantially the same terms as the Broker Warrants. Proceeds of this offering net of transaction costs was \$23,750. Net proceeds of these two offerings totaled \$641,440, of which \$373,549 was recorded as common shares and \$267,891 was recorded as contributed surplus in relation to the Bonus Warrants.

All securities issued in connection with these offerings are subject to a hold period which will expire on June 30, 2024. The net proceeds of the offerings are used to fund general working capital and for general corporate purposes.

On March 7, 2023, the Company closed a private placement offering of units (the "March 2023 Units") at a price of \$0.07 per unit for gross proceeds of \$1,534,960. Each March 2023 Unit is comprised of: (i) one Common Share in the capital of the Company; (ii) a first one-half of one Common Share purchase warrant (each whole first warrant, an "A Warrant"); and (iii) a second one-half of one Common Share purchase warrant (each whole second warrant, a "B Warrant"). Each A Warrant entitling the holder thereof to acquire one Common Share at an exercise price of \$0.10 per A Warrant Share for a period of six months from the closing date of the offering. Each B Warrant entitling the holder thereof to acquire one Common Share at an exercise price of \$0.15 per B Warrant Share for a period of 24 months from the closing date of the Offering. As consideration for certain services provided to the Company in connection with the offering, the Company paid an aggregate of \$42,151 and issued 595,021 compensation options (the "Compensation Options") exercisable to acquire one Common Share at a price of \$0.07 per Common Share for a period of 24 months following the closing date of the offering, as finders' fees to certain persons. During the nine months ended September 30, 2023, the Company received total cash proceeds of \$258,299 from the exercises of 2,565,490 A Warrants (the remaining 8,398,510 A Warrants expired on September 7, 2023) and 25,000 Compensation Options (the remaining 570,021 to expire on March 7, 2025).

## NEWTOPIA INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

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(Expressed in Canadian Dollars)

### 6. Equity (cont'd)

#### (b) Warrants

As at March 31, 2024 and 2023, the Company has the following warrants outstanding with the corresponding average exercise prices:

	Number of Warrants	Weighted Average Exercise Price
		\$
<b>Balance, December 31, 2023</b>	<b>24,274,290</b>	<b>0.188</b>
Bonus warrants issued on brokered private placement offering of Units (Note 6 (a))	14,430,000	0.10
Broker warrants issued on brokered private placement offering of Units (Note 6 (a))	721,000	0.0536
Bonus warrants issued on non-brokered private placement offering of Units (Note 6 (a))	500,000	0.10
Finder's warrants issued on non-brokered private placement offering of Units (Note 6 (a))	25,000	0.0536
<b>Balance, March 31, 2024</b>	<b>39,950,290</b>	<b>0.153</b>
Balance, December 31, 2022	<b>13,804,106</b>	<b>0.31</b>
A Warrants issued on private placement offering of Units (Note 6 (a))	10,964,000	0.10
B Warrants issued on private placement offering of Units (Note 6 (a))	10,964,000	0.15
Compensation Options (Note 6 (a))	595,021	0.07
<b>Balance, March 31, 2023</b>	<b>36,327,127</b>	<b>0.20</b>

## NEWTOPIA INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)  
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### 6. Equity (cont'd)

The following table reflects the actual warrants issued and outstanding as of March 31, 2024:

Expiry date	Exercise Price	Number of Warrants
	\$	
April 2024	0.30	8,750,000
April 2024	0.02	904,050
February 2025	0.0001	2,000,000
March 2025 (Note 6 (a))	0.15	10,964,000
March 2025 (Note 6 (a))	0.07	570,021
July 2025	0.065	872,307
September 2025	0.065	198,260
October 2025	0.115	15,652
March 2026	0.0536	746,000
March 2027	0.10	14,930,000
		<b>39,950,290</b>

The following table reflects the actual warrants issued and outstanding as of March 31, 2023:

Expiry date	Exercise Price	Number of Warrants
	\$	
May 2023	0.70	1,711,279
September 2023	0.10	10,964,000
September 2023 <sup>(i)</sup>	0.75	438,777
April 2024	0.30	8,750,000
April 2024	0.02	904,050
February 2025	0.0001	2,000,000
March 2025	0.07	595,021
March 2025	0.15	10,964,000
		<b>36,327,127</b>

### 7. Contributed surplus

	March 31, 2024	December 31, 2023
	\$	\$
Stock options	<b>8,179,282</b>	8,095,819
Warrants	<b>6,346,546</b>	6,055,369
	<b>14,525,828</b>	14,151,188

## NEWTOPIA INC.

### Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

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(Expressed in Canadian Dollars)

#### 8. Revenue

The Company has recognized the following amounts relating to revenue in the Condensed Interim Statements of Loss and Comprehensive Loss in the three months ended March 31, 2024 and 2023:

	2024	2023
	\$	\$
Engaged participant and variable consideration	1,505,495	2,148,973
Welcome kits	308,505	499,684
	<b>1,814,000</b>	<b>2,648,657</b>

The Company recognizes contract assets or contract liabilities with respect to its success fees, guarantee fees and other allocations relating to sale of its bundled products. The Company account for contract assets and liabilities on a contract-by-contract basis with each contract presented as a net contract asset or a net contract liability accordingly.

Contract assets relate to success fees for which the Company believes a significant reversal of revenue will not occur, but the right to related consideration is conditional on achievement of certain metrics.

Contract liabilities relate to the Company's estimate of the amount of consideration it expects to refund to its customers, material future rights expected to be exercised by customers and discounts provided to customers (due to the allocation of the transaction price to the performance obligations).

Below is a summary of contract assets and contract liabilities from contracts with customers and the significant changes in those balances during three months ended March 31, 2024 and 2023:

	\$
<u>Contract asset (liability)</u>	
<b>Balance, December 31, 2023</b>	<b>259,072</b>
Estimated variable consideration	(30,000)
Settlement of variable consideration	(66,836)
<b>Balance, March 31, 2024</b>	<b>162,236</b>
Balance, December 31, 2022	190,000
Estimated variable consideration	230,318
Settlement of variable consideration	(161,246)
<b>Balance, March 31, 2023</b>	<b>259,072</b>

## NEWTOPIA INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Three months ended March 31, 2024 and 2022

(Expressed in Canadian Dollars)

### 9. Share-based payment arrangements

The Company has established a stock option plan for the benefit of its employees, directors, officers and consultants. The maximum number of options that may be granted under the original plan was 18,114,870. On September 14, 2022, the Shareholders approved an increase to the maximum number of options to 23,598,557. The options are exercisable for a period of up to 5 years.

The Board of Directors determines the vesting schedule, exercise price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option. Vesting is contingent upon continuous service and or employment through the specific vesting date and have an exercise price as set forth in the option certificate issued in respect of such option and in any event shall not be less than market price of the common shares as of the award date.

The number and weighted-average exercise price of options under the stock option program were as follows:

	Number of Options	Weighted Average Exercise Price \$
<b>Outstanding, as at December 31, 2023</b>	<b>19,482,823</b>	<b>0.49</b>
Granted	-	-
Expired	-	-
Forfeited	(467,912)	0.32
<b>Options outstanding, March 31, 2024</b>	<b>19,014,911</b>	<b>0.27</b>
Outstanding, as at December 31, 2022	<b>12,903,549</b>	<b>0.49</b>
Granted	10,600,000	0.10
Exercised	(60,000)	0.68
Forfeited	(120,282)	0.56
<b>Options outstanding, March 31, 2023</b>	<b>23,323,267</b>	<b>0.31</b>

The Company recognized share-based compensation expense of \$73,665 for the three ended March 31, 2024, with a corresponding amount recognized to Contributed Surplus (three months ended March 31, 2023 - \$93,290).

The following table is a summary of the Company's stock options outstanding as at March 31, 2024:

Exercise Price Range	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
						\$
0.105 - 0.20	10,910,298	3.90	0.11	5,467,342	0.11	
0.21 - 0.40	2,617,907	1.92	0.26	2,186,192	0.26	
0.41 - 0.60	3,288,286	1.30	0.44	3,207,844	0.44	
0.61 - 0.85	2,198,420	1.61	0.85	2,198,420	0.85	
<b>Balance, March 31, 2024</b>	<b>19,014,911</b>	<b>2.91</b>	<b>0.27</b>	<b>13,059,798</b>	<b>0.34</b>	

## NEWTOPIA INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)  
Three months ended March 31, 2024 and 2022  
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### 9. Share-based payment arrangements (cont'd)

The following table is a summary of the Company's stock options outstanding as at March 31, 2023:

Exercise Price Range	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$	#	#	\$	#	\$
0.145 - 0.20	11,201,140	4.91	0.11	272,642	0.20
0.21 - 0.40	2,964,993	3.17	0.26	1,776,840	0.27
0.41 - 0.60	6,575,989	1.46	0.48	6,273,891	0.48
0.61 - 0.80	188,571	0.10	0.70	188,571	0.70
0.81 - 1.00	2,392,574	2.63	0.85	1,909,873	0.85
<b>Balance, March 31, 2023</b>	<b>23,323,267</b>	<b>3.45</b>	<b>0.31</b>	<b>10,421,817</b>	<b>0.51</b>

### 10. Related party transactions

The Company's key management personnel are comprised of the Board of Directors and current and former members of the executive team of the Company. Key management personnel compensation for the three and three months ended March 31, 2024 and 2023 consisted of the following:

	Three Months Ended March 31,	
	2024	2023
	\$	\$
Salaries, fees and short-term benefits	593,607	872,888
Share-based benefits	79,540	126,787
	<b>673,147</b>	<b>999,675</b>

As at March 31, 2024, aggregate bonuses payable to members of the Company's executive team was \$153,600 (December 31, 2023 - \$133,600).

### 11. Loss per share

As a result of losses reported during the three months ended March 31, 2024 and 2023, the outstanding stock options and warrants have an anti-dilutive effect and are not included in the computation of diluted loss per share. Consequently, basic and diluted loss per share are the same.

### 12. Economic dependence

During the three months ended March 31, 2024, two customers whose services and product revenues exceeded 10% of the total revenue balance represented 82% of the Company's revenue (March 31, 2023 - 90%).

In March 2024 a client who accounted for approximately 30% of our fiscal year 2023 revenue informed the Company that they have decided to stop providing our program to their employees effective June 1, 2024. To address the financial impact upon the departure of this client, management is actively reducing variable costs associated with this lost revenue, accelerating new market opportunities, and exploring a variety of strategic alternatives.