Newtopia Reports First Quarter 2021 Financial Results

- **Q1 2021 Revenue of $2.6 million, in line with expectations**
- **Q1 2021 Gross Margin[1] of 50%, a 700 basis point improvement over the prior-year period**
- **Marked one-year listing anniversary on the TSXV on May 4, 2021**
- **Continued to strengthen robust innovator employer business pipeline, while broadening reach into additional public health insurer markets in the US and Canada**

TORONTO, ONTARIO – May 20, 2021, Newtopia Inc. ("**Newtopia**" or the "**Company**") (TSXV: NEWU), a tech-enabled habit change provider focused on disease prevention, today reported financial results for the first quarter 2021. All amounts are expressed in Canadian dollars, unless otherwise noted.

First Quarter 2021 Financial Highlights (vs. Q1 2020):

- Revenue of $2.6 million, as compared to $3.9 million
- Gross margin percentage of 50%, up from 43%

"The pandemic has proven the importance of prevention as a means of protecting our global population. Specifically, we continue to see strong engagement levels for our whole person care and participant churn remains at historically low levels. Interestingly, participants who joined our platform right as the pandemic began have outperformed our traditional participant," said Jeff Ruby, Founder & CEO of Newtopia. "We are looking forward to the return to year-over-year growth, with a rollout with one of our Fortune 500 clients that was previously postponed now scheduled for the back half of the year, and a pipeline of new clients building."

Ruby continued, "The first quarter marked a significant expansion of Newtopia's health insurer focus and addressable market as we bring our proven disease prevention model to both the US and Canada for Medicare and provincial health customers, respectively. We anticipate a tsunami of chronic disease risk following COVID-19 and look forward to supporting our clients with a proven means of addressing this mounting issue. With increased vaccination counts across North America, and in particular the United States, we are hopeful that our clients will return to their standard operating procedures. Our underlying business remains strong, and we look forward to supporting current and prospective clients hoping to mitigate their risks as the world economy fully reopens."

Recent Operational Highlights:

- Debuted Habit Change Platform in Canada in April through a partnership with Eastern Health, the largest, integrated health authority in Newfoundland and Labrador, and Medtronic, a formal partner under Eastern Health's Innovation Strategy. Together, Newtopia and its two partners will implement an integrated type 2 diabetes prevention program.

[1]Gross profit is defined as revenue which is comprised of onboarding welcome revenue, ongoing engagement fees and success fees, less cost of sales which is comprised of welcome kit, compensation expense for Inspirators and care specialists and genetic testing costs. Gross margin percentage is calculated by dividing gross profit by total revenue for the defined period. Gross profit is considered by management to be an integral measure of financial performance and represents the amount of revenues retained by the Company after incurring direct costs. However, gross profit is not a recognized measure of profitability under IFRS.

- Launched Phase 1 – the first six months – of a campaign with a Fortune 500 apparel and home fashion chain in the United States employing 90,000 people, with the opportunity to expand to the entire at-risk population.
- Completed a 12-month JPMorgan Chase Medical Trial sponsored by Haven. Results of this study will be formally published in the coming weeks.
- Expanded Company Advisory Board to include Nancy Cocozza, Former President of Aetna Medicare, and Gil Bashe, Global Head of Health at FINN Partners, a leading global marketing agency.
- Officially commenced sales efforts into the Medicare and Medicare Advantage ("**MA**") markets following a successful study conducted by Santa Barbara Actuaries Inc. and commissioned by Newtopia. Results of the Santa Barbara Actuaries study demonstrate that Newtopia's programs can provide significant medical cost savings of up to $1,700 per MA member. Adding this particular at-risk population to the Newtopia platform expands the Company's potential target base into the 65 years and older Medicare and MA markets, which together represent 62 million people.

Newtopia's platform leverages genetic, social and behavioral insights to create individualized prevention programs. The Company's whole person approach combines virtual care, digital tools, connected devices and actionable data science to assist in preventing, slowing and reversing chronic disease while also enriching mental and emotional health. Newtopia helps generate sustainable habit change for participants while maintaining clinical and financial outcomes for health insurers.

First Quarter 2021 Financial Results

Revenue for the three months ended March 31, 2021 was $2.6 million, compared to $3.9 million in the prior-year period. In the first quarter of 2021, revenue was comprised by 77% engagement fee revenue, up from 64% in the prior-year period.

Gross profit for the first quarter 2021 totaled $1.3 million, as compared to $1.7 million in the prior-year period. Gross profit is comprised of Newtopia's revenue less direct expenses, which include the cost of Welcome Kits sold to new participants as well as labour costs associated with hiring and training of the Company's coaching team of Inspirators. As a percentage of revenue, gross profit totaled 50%, up from 43% in the first quarter of 2020.

Selling, general and administrative expenses totaled $2.2 million, as compared to $1.7 million in the prior-year period. Selling, general and administrative expenses included approximately $0.1 million in search costs related to sales and technology hires in the quarter that will not recur in future periods.

Adjusted operating expenses[2] for the three months ended March 31, 2021 totaled $2.9 million, compared to $2.4 million in the prior-year period, as the Company continued to add technology, sales and marketing and administrative resources to support long-term growth.

For the quarter, the Company had an adjusted operating loss[3] of $1.6 million, compared to an adjusted operating loss of $0.8 million in the prior-year period. This increase in adjusted operating loss is due to the lower level of revenue in this year's first quarter along with the corresponding lower margin.

The Company ended the first quarter 2021 with $2.6 million in cash on the balance sheet. During the quarter, Newtopia incurred $0.5 million in capital expenditures and approximately $0.5 million of additional

[2]Adjusted operating expenses consist of all cash-based technology, sales and marketing and administrative expenses including employment expenses for these functions excluding equity-settled share-based compensation. Adjusted operating expense is not a measure of financial performance under IFRS and should not be considered a substitute for total operating expenses, which we believe to be the most directly comparable IFRS measure.

[3]Adjusted Operating Loss consists of Gross profit less adjusted operating income. Adjusted operating loss is not a measure of financial performance under IFRS and should not be considered a substitute for Loss from Operations which we believe to be the most directly comparable IFRS measure.

non-recurring public company costs and recruitment search fees. The Company has not utilized its credit facility to date.

2021 Outlook

In the first quarter of each calendar year Newtopia typically experiences higher rates of new product launches, with a corresponding increase in Welcome Kit and engagement revenues. As a result of the COVID-19 pandemic, the Company underwent a delayed rollout of its products to some of its clients in Q1 2021. As a result, Newtopia continues to anticipate revenue to hold relatively steady through the second quarter 2021, with an increase in topline growth in the third and fourth quarters. While new product rollouts may be softer in the first half of the year, the Company's multi-year contracts with its clients and overall underlying business is very healthy with record levels of engagement.

The Company also continues to expect approximately $1.8 million of capital expenditures in 2021, with approximately $0.5 million incurred to date. The remaining $1.3 million will be capitalized over the course of 2021 and weighted toward the first three quarters of the year. This spend will be directed toward improving the efficiency of Newtopia's operations by leveraging new and improved engagement technologies to elevate the overall user experience. Newtopia continues to take a measured approach to adding expenses in support of growth, and increases in expenses have been more modest than the Company's growth in revenue and gross profit. As such, even with this increase in capital expenditures in 2021, Newtopia continues to target exiting the year cash flow neutral from operations.

Grants of Stock Options

Newtopia further announced today that its Board of Directors has approved the grant of 1,312,200 stock options to certain tenured employees, directors, consultants and newly hired employees. The options issued to newly hired employees will expire five years from the date such employees complete their probationary period, and the exercise price will be based on the closing price of Newtopia common shares on the trading day prior to the day these employees complete their probationary period. Options granted to directors and tenured employees will be at an exercise price of $0.47 per common share and will expire on May 19, 2026, being five years from the grant date.

Newtopia can grant up to 18,114,870 stock options pursuant to its stock option plan, representing approximately 20% of the aggregate of the issued and outstanding common shares of the Company on the date the Company's common shares were listed for trading on the TSX Venture Exchange on May 4, 2020. Including the grants contemplated herein, Newtopia will have 16,575,967 stock options outstanding.

Zooming with LD Micro

Tomorrow, May 21, 2021, at 11 AM ET, management will discuss the first quarter and other Company developments on a public webcast hosted by LD Micro. For those interested in listening to the webcast, please visit the following Zoom link roughly five minutes prior to the scheduled presentation time to register for the event: https://us02web.zoom.us/webinar/register/WN_OcL1BP16SDClwim1gclDbQ.

For those unable to listen to the live event, a replay link will be posted to the investor relations' section of the Company's website at www.newtopia.com. An updated corporate presentation including Newtopia's Q1 2021 financials will be available on the Company's website ahead of the webcast. Newtopia's Q1 2021 financial statements will also be available on the website and under the Company's profile at www.sedar.com.

About Newtopia

Newtopia is a tech-enabled habit change provider focused on disease prevention and reducing the cost of care for health insurers. As a provider of whole person care, we prevent, reverse and slow the progression of chronic disease while enriching mental health, resilience and overall human performance. Newtopia's programs leverage genetic, social and behavioral insights to create individualized prevention programs with a focus on type 2 diabetes, heart disease, stroke and weight. With a person-centered approach that combines virtual care, digital tools, connected devices and actionable data science, Newtopia delivers sustainable clinical and financial outcomes. Newtopia serves some of the largest nationwide employers and health plans and is currently listed on the Toronto Stock Exchange (TSXV: NEWU). To learn more, visit newtopia.com, Facebook, LinkedIn or Twitter.

Forward Looking Information

This press release contains forward-looking information and forward-looking statements, within the meaning of applicable Canadian securities legislation, and forward looking statements, within the meaning of applicable United States securities legislation (collectively, "**forward-looking statements**"), which reflects management's expectations regarding Newtopia's future growth, results from operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects and opportunities. Wherever possible, words such as "predicts", "projects", "targets", "plans", "expects", "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative or grammatical variation or other variations thereof, or comparable terminology have been used to identify forward-looking statements. All statements other than statements of historical fact may be forward-looking information. Such statements reflect Newtopia's current views and intentions with respect to future events, based on information available to Newtopia, and are subject to certain risks, uncertainties and assumptions, including without limitation, the Company's successful completion of its strategic technology projects (including on budget), continued and sustained high levels of client engagement and low client churn, the expansion of client relationships, the rollout of new clients, the conversion of pilot projects into full blown rollouts, the Company's ability to continue to grow its sales pipeline, the ability of Nearwater to deliver on the milestones set out in the consulting agreement, and current financial trends remaining at or above the current levels in respect of revenue, gross profit, gross margin percentage and adjusted operating expenses. Material factors or assumptions were applied in providing forward-looking information. While forward-looking statements are based on data, assumptions and analyses that Newtopia believes are reasonable under the circumstances, whether actual results, performance or developments will meet Newtopia's expectations and predictions depends on a number of risks and uncertainties that could cause the actual results, performance and financial condition of Newtopia to differ materially from its expectations.

These forward-looking statements include, among other things, clients continuing to offer Newtopia's platform pursuant to agreements entered into, the timing and ability of the Company to successfully complete strategic technology projects (including on budget), continued and sustained high levels of client engagement and low client churn, the expansion of client relationships, the rollout of new clients, the conversion of pilot projects into full blown rollouts, the Company's ability to continue to grow its sales pipeline, the ability of Nearwater to deliver on the milestones set out in the consulting agreement, the Company being confident that it will continue to increase its revenue, gross profit, gross margin percentage and adjusted operating expenses among other financial metrics and current financial trends remaining at or above current levels. Forward-looking statements are not a guarantee and are based on a number of estimates and assumptions management believes to be relevant and reasonable, whether actual results, performance or developments will meet Newtopia's expectations and predictions depends on a number of risks and uncertainties that could cause the actual results, performance and financial condition of Newtopia to differ materially from its expectations. Certain of the "risk factors" that could cause actual results to differ materially from Newtopia's forward-looking statements in this press release include, without limitation: the termination of contracts by clients, risks related to COVID-19 including various

recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession; and other general economic, market and business conditions and factors, including the risk factors discussed or referred to in Newtopia's disclosure documents, filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com including Newtopia's final long form prospectus dated March 30, 2020.

Should any factor affect Newtopia's in an unexpected manner, or should assumptions underlying the forward- looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, Newtopia does not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this press release is made as of the date of this press release, and Newtopia undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law.

Non-GAAP Financial Measures

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Management uses certain non-GAAP measures, which are defined in the appropriate sections of this press release, to better assess the Company's underlying performance. These measures are reviewed regularly by management and the Company's Board of Directors in assessing the Company's performance and in making decisions about ongoing operations. In addition, we use certain non-GAAP measures to determine the components of management compensation. We believe that these measures are also used by investors as an indicator of the Company's operating performance. Readers are cautioned that these terms are not recognized GAAP measures and do not have a standardized GAAP meaning under IFRS and should not be construed as alternatives to IFRS terms, such as net income.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information, please contact:

Chief Executive Officer:
Jeff Ruby, jruby@newtopia.com; 888-639-8181

Investor Contact:
Kimberly Esterkin, ADDO Investor Relations, investor@newtopia.com; 310-829-5400

NEWTOPIA INC.

Key Financial Measures and Schedule of Non-GAAP Reconciliations

Gross Profit Information [1]

	Three Months Ended March 31,	
	2021	**2020**
	$	**$**
Revenue	2,619,171	3,862,986
Cost of sales	(1,300,867)	(2,208,557)
Gross profit	1,318,304	1,654,429
Gross margin	*50%*	*43%*

Reconciliation of Total Operating Expenses to Adjusted Operating Expenses [2]

	Three Months Ended March 31,	
	2021	**2020**
	$	**$**
Total operating expenses	3,594,792	3,162,510
Add (Subtract)		
Share-based compensation	(549,820)	(134,432)
Depreciation of property and equipment	(17,972)	(21,554)
Depreciation of right-of-use asset	(46,195)	(46,192)
Interest and accretion expense	-	(233,542)
Interest on lease obligations	(31,268)	(37,849)
Finance charges	(5,136)	-
Amortization of deferred finance charges	(38,916)	-
Foreign exchange gain	(27,796)	203,111
Change in value of convertible debenture derivative liabilities	-	(270,993)
Change in value of derivative liability	44,519	(13,628)
Loss on settlement of related party payable	-	(167,716)
Adjusted operating expenses	2,922,208	2,439,715

Adjusted Operating Loss [3]

	Three Months Ended March 31,	
	2021	**2020**
	$	**$**
Gross profit	1,318,304	1,654,429
Adjusted operating expenses	(2,922,208)	(2,439,715)
	(1,603,904)	(785,286)

NEWTOPIA INC.

Condensed Interim Statements of Financial Position (Unaudited)
As at March 31, 2021 and December 31, 2020
(Expressed in Canadian Dollars)

	March 31, 2021	December 31, 2020
	$	$
Assets		
Current assets		
Cash	**2,628,575**	4,673,683
Trade and other receivables	**1,093,674**	1,067,123
Unbilled revenue	**59,000**	426,000
Prepaid expenses and deposits	**594,656**	465,285
Inventories	**277,559**	278,696
Deferred costs	**204,163**	232,089
	4,857,627	7,142,876
Property and equipment	**111,941**	129,913
Right-of-use asset	**508,110**	554,305
Intangible asset	**540,441**	68,948
	6,018,119	7,896,042
Liabilities		
Current liabilities		
Trade and other payables	**2,646,488**	2,765,583
Lease obligations	**227,998**	215,532
Derivative liability	**2,989**	47,508
	2,877,475	3,028,623
Non-current lease obligations	**596,565**	667,558
	3,474,040	3,696,181
Equity		
Common shares	**45,177,120**	44,648,952
Common shares to be issued	**-**	528,168
Contributed surplus	**10,667,327**	10,046,621
Deficit	**(53,300,368)**	(51,023,880)
	2,544,079	4,199,861
	6,018,119	7,896,042

NEWTOPIA INC.

Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited)
Three Months Ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
	$	$
Revenue	**2,619,171**	3,862,986
Cost of revenue	**1,300,867**	2,208,557
Gross profit	**1,318,304**	1,654,429
Operating expenses		
Technology and development	**730,007**	776,666
Sales and marketing	**976,482**	728,482
General and administrative	**1,215,719**	934,567
Share-based compensation	**549,820**	134,432
	3,472,028	2,574,147
Other expenses (income)		
Depreciation of property and equipment	**17,972**	21,554
Depreciation of right-of-use asset	**46,195**	46,192
Interest and accretion expense	**-**	233,542
Interest on lease obligations	**31,268**	37,849
Finance charges	**5,136**	-
Amortization of deferred finance charges	**38,916**	-
Foreign exchange loss (gain)	**27,796**	(203,111)
Change in value of convertible debenture derivative liabilities	**-**	270,993
Change in value of derivative liability	**(44,519)**	13,628
Loss on settlement of related party payable	**-**	167,716
	122,764	588,363
Net loss and comprehensive loss	**(2,276,488)**	(1,508,081)
Loss per share		
Basic and diluted	**(0.02)**	(0.10)
Weighted average number of common shares outstanding		
Basic and diluted	**100,492,786**	15,535,919

NEWTOPIA INC.

Condensed Interim Statements of Changes in Equity (Unaudited)
Three Months Ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Common Shares	Shares To Be Issued	Preferred Shares	Special Warrants	Contributed Surplus	Deficit	Total
	$	$	$	$	$	$	$
Balance, December 31, 2020	**44,648,952**	**528,168**	**-**	**-**	**10,046,621**	**(51,023,880)**	**4,199,861**
Net loss and comprehensive loss	-	-	-	-	-	(2,276,488)	(2,276,488)
Share-based compensation	-	-	-	-	549,820	-	549,820
Issuance of shares	528,168	(528,168)	-	-	-	-	-
Settlement of related party payable	-	-	-	-	70,886	-	70,886
Balance, March 31, 2021	**45,177,120**	**-**	**-**	**-**	**10,667,327**	**(53,300,368)**	**2,544,079**
Balance, December 31, 2019	**4,643,945**	**-**	**13,011,033**	**9,164,731**	**5,172,192**	**(43,204,384)**	**(11,212,483)**
Net loss and comprehensive loss	-	-	-	-	-	(1,508,081)	(1,508,081)
Share-based compensation	-	-	-	-	134,432	-	134,432
Settlement of related party payable	-	528,168	-	-	39,548	-	567,716
Balance, March 31, 2020	**4,643,945**	**528,168**	**13,011,033**	**9,164,731**	**5,346,172**	**(44,712,465)**	**(12,018,416)**

NEWTOPIA INC.

Condensed Interim Statements of Cash Flows
Three Months Ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
	$	$
Cash flows used in operating activities		
Net loss and comprehensive loss	**(2,276,488)**	(1,508,081)
Depreciation of property and equipment	**17,972**	21,554
Depreciation of right-of-use asset	**46,195**	46,192
Amortization of deferred finance charges	**38,916**	-
Interest and accretion expense	**-**	233,542
Interest on lease obligations	**31,268**	37,849
Change in value of convertible debenture derivative liabilities	**-**	270,993
Change in value of derivative liability	**(44,519)**	13,628
Stock-based compensation	**549,820**	134,432
Loss on settlement of related party payable	**-**	167,716
	(1,636,836)	(582,175)
Change in non-cash working capital		
Trade and other receivables	**(26,551)**	(134,275)
Unbilled revenue	**367,000**	-
Prepaid expenses and deposits	**(129,371)**	124,017
Inventories	**1,137**	248,122
Trade and other payables	**(48,209)**	141,294
	(1,472,830)	(203,017)
Cash flows used in investing activities		
Purchase of property and equipment	**-**	(11,842)
Intangible asset development costs	**(471,493)**	-
	(471,493)	(11,842)
Cash flows used in financing activities:		
Credit facility financing costs	**(10,990)**	-
Repayment of lease obligations	**(89,795)**	(64,213)
	(100,785)	(64,213)
Net change in cash during the period	**(2,045,108)**	(279,072)
Cash, beginning of period	**4,673,683**	2,386,341
Cash, end of period	**2,628,575**	2,107,269
Supplemental cash flow information		
Non-cash settlement of debt	**70,886**	400,000