Newtopia Reports Record Third Quarter 2020 Financial Results

Quarterly Revenue and gross profit increased 99% and 182% year-over-year; expanding client list and leadership team

TORONTO, ONTARIO – November 12, 2020, Newtopia Inc. ("**Newtopia**" or the "**Company**") (TSX-V: NEWU), a tech-enabled disease prevention company focused on healthy habit change, today reported financial results for its third quarter 2020.

"2020 has been a monumental year for Newtopia. We've seen continued adoption with Fortune 50 and Fortune 500 innovators, added important talent in both leadership and data science roles and delivered strong revenue and gross margin growth," said Jeff Ruby, Founder & CEO, Newtopia Inc. "On a year to date basis, revenue and gross profit are up 96% and 133% respectively over 2019. We are incredibly pleased with our growth to date and feel that the talent we have added strengthens us operationally in key areas of the Company."

All amounts are expressed in Canadian dollars.

Third Quarter 2020 Financial Highlights (vs. Q3 2019):

- Revenue increased 99% to $2.4 million
- Gross profit[1] increased 182%, to $1.2 million
- Gross margin percentage improves to 49%, up from 35%

Recent Operational Highlights:

- Announced closing of an oversubscribed and upsized $7.5 million bought deal offering, and signed binding agreement for $5 million operating facility with a leading Canadian schedule 1 bank
- Released product suite to prevent, reverse and slow the progression of chronic disease with large employer and health plan populations
- Expanded client list with addition of new Fortune 50 innovator
- Added multiple data science experts to deepen strength in analytics and outcomes measurement, and key leaders to the Newtopia team, board and advisory board

"We're continuing to see strong engagement levels as our client organizations and their employees recognize the value of our tech-enabled service and habit-changing platform throughout the pandemic, with over 90% of our revenue coming from engagement fees in the quarter," adds Ruby. "With both an oversubscribed and upsized bought deal offering completed and a substantial new operating facility recently secured, Newtopia has bolstered it's balance sheet with the financial resources to continue to innovate for our clients and their employees."

Newtopia's platform leverages genetic, social and behavioral insights to create individualized prevention programs with a focus on type 2 diabetes, heart disease, stroke and weight. The Company's individualized

[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 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.

approach combines virtual care, digital tools, connected devices and actionable data science to deliver sustainable clinical and financial outcomes.

Third Quarter 2020 Financial Results

Newtopia's revenue during the three months ended September 30, 2020 was $2.4 million, an increase of 99% over the prior period ($1.2 million). This growth reflected a continuation of strong engagement fee revenue from the Q1 program launch with a highly innovative existing Fortune 500 partner.

Gross profit for the three months ended September 30, 2020 increased by 182% to $1.2 million over the prior year period ($0.4 million). Strong engagement revenue in the quarter offset cost of sales coming from higher Inspirator (coach) costs, as overall margin improved to 49% over the prior year level of 35%. Engagement fee revenue made up over 90% of the revenue mix in the current year quarter as compared to approximately 85% in the same period for 2019, accounting for the overall improvement in margin.

Adjusted operating expenses[2] in the three months ended September 30, 2020 increased by 52% to $2.5 million over the prior year period ($1.7 million) as the Company continued to add technology, sales and marketing and administrative resources in support of longer-term company growth. The Company continues to take a measured approach to adding expenses in support of growth, as increases in these line items has been more modest than growth in revenue and gross profit. Overall, the Company had an adjusted operating loss[3] of $1.4 million in the quarter, compared to a loss of $1.3 million in the prior year period.

About Newtopia

Newtopia is a tech-enabled disease prevention company focused on healthy habit change. Newtopia's platform leverages genetic, social and behavioral insights to create individualized prevention programs with a focus on type 2 diabetes, heart disease, stroke and weight. Our person-centered approach combines virtual care, digital tools, connected devices and actionable data science to deliver sustainable clinical and financial outcomes. We serve some of the largest nationwide employers and health plans. To learn more, visit newtopia.com.

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 the bank financing 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

[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.

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 complete the bank credit facility, 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.

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NEWTOPIA INC.

Key Financial Measures and Schedule of Non-GAAP Reconciliations

Gross Profit Information [1]

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	$	$	$	$
Revenue	2,389,374	1,201,893	8,939,415	4,571,597
Cost of sales	(1,213,393)	(784,342)	(4,698,576)	(2,749,430)
Gross profit	1,175,981	417,551	4,240,839	1,822,167
Gross margin	*49%*	*35%*	*47%*	*40%*

[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 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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	$	$	$	$
Total operating expenses	2,931,316	2,737,399	9,044,293	7,883,485
Add (Subtract)				
Share-based compensation	(120,528)	(226,848)	(376,619)	(564,574)
Depreciation of property and equipment	(19,012)	(13,827)	(61,905)	(37,396)
Depreciation of right-of-use asset	(46,192)	(46,192)	(138,578)	(138,576)
Interest and accretion expense	-	(718,609)	(233,542)	(2,162,526)
Interest on lease obligations	(35,269)	(39,591)	(109,967)	(119,867)
Interest on promissory note	(8,219)	-	(8,219)	-
Finance charges	(10,995)	-	-	-
Foreign exchange gain	(39,778)	22,593	56,713	358
Change in value of convertible debenture derivative liabilities	-	(19,980)	(448,656)	(86,097)
Change in value of derivative liability	(111,680)	(25,398)	(63,804)	(27,874)
Loss on settlement of debt	-	-	(167,716)	-
Adjusted operating expenses	2,539,643	1,669,547	7,492,000	4,746,933

[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.

NEWTOPIA INC.

Key Financial Measures and Schedule of Non-GAAP Reconciliations

Adjusted Operating Loss [3]

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	$	$	$	$
Gross profit	1,175,981	417,551	4,240,839	1,822,167
Adjusted operating expenses	(2,539,643)	(1,669,547)	(7,492,000)	(4,746,933)
	(1,363,662)	(1,251,996)	(3,251,161)	(2,924,766)

[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.

NEWTOPIA INC.

Condensed Interim Statements of Financial Position (Unaudited)
As at September 30, 2020 and December 31, 2019
(Expressed in Canadian Dollars)

	September 30, 2020	December 31, 2019
	$	$
Assets		
Current assets		
Cash	**660,845**	2,386,341
Trade and other receivables	**838,860**	1,247,858
Prepaid expenses and deposits	**509,749**	462,605
Inventories	**223,662**	604,920
	2,233,116	4,701,724
Property and equipment	**140,196**	186,376
Right-of-use asset	**600,494**	739,072
	2,973,806	5,627,172
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**1,689,224**	2,254,894
Lease obligations	**203,523**	156,340
Promissory note	**500,000**	-
Convertible debentures	**-**	3,993,758
Convertible debentures derivative liabilities	**-**	1,952,638
Retractable preferred shares	**-**	7,420,265
Derivative liability	**242,474**	178,670
	2,635,221	15,956,565
Non-current lease obligations	**731,828**	883,090
	3,367,049	16,839,655
Equity/Deficit		
Common shares	**38,804,666**	4,643,945
Shares to be issued	**528,168**	-
Preferred shares	**-**	13,011,033
Special warrants	**-**	9,164,731
Contributed surplus	**8,369,411**	5,172,192
Deficit	**(48,095,488)**	(43,204,384)
	(393,243)	(11,212,483)
	2,973,806	5,627,172

NEWTOPIA INC.

Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited)
Three and Nine Months Ended September 30, 2020 and 2019
(Expressed in Canadian Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Revenue	**2,389,374**	1,201,893	**8,939,415**	4,571,597
Cost of revenue	**1,213,393**	784,342	**4,698,576**	2,749,430
Gross profit	**1,175,981**	417,551	**4,240,839**	1,822,167
Operating expenses				
Technology and development	**812,228**	582,666	**2,382,216**	1,686,016
Sales and marketing	**781,307**	407,963	**2,324,985**	1,195,733
Administrative	**946,108**	678,918	**2,773,804**	1,865,184
Share-based compensation	**120,528**	226,848	**376,619**	564,574
	2,660,171	1,896,395	**7,857,624**	5,311,507
Other expenses (income)				
Depreciation of property and equipment	**19,012**	13,827	**61,905**	37,396
Depreciation of right-of-use asset	**46,192**	46,192	**138,578**	138,576
Interest and accretion expense	**-**	718,609	**233,542**	2,162,526
Interest on lease obligations	**35,269**	39,591	**109,967**	119,867
Interest on promissory note	**8,219**	-	**8,219**	-
Finance charges	**10,995**	-	**10,995**	-
Foreign exchange gain	**39,778**	(22,593)	**(56,713)**	(358)
Change in value of convertible debentures derivative liabilities	**-**	19,980	**448,656**	86,097
Change in value of derivative liability	**111,680**	25,398	**63,804**	27,874
Loss on settlement of debt	**-**	-	**167,716**	-
	271,145	841,004	**1,186,669**	2,571,978
Net loss and comprehensive loss	**(1,755,335)**	(2,319,848)	**(4,803,454)**	(6,061,318)
Loss per share				
Basic and diluted	**(0.02)**	(0.15)	**(0.09)**	(0.39)
Weighted average number of common shares outstanding				
Basic and diluted	**91,010,143**	15,535,919	**56,464,872**	15,535,919

NEWTOPIA INC.

Condensed Interim Statements of Changes in Equity (Deficit) (Unaudited)
Nine Months Ended September 30, 2020 and 2019
(Expressed in Canadian Dollars)

	Note	Common Shares	Shares To Be Issued	Preferred Shares	Special Warrants	Contributed Surplus	Deficit	Total
		$	$	$	$	$	$	$
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		-	-	-	-	-	(4,803,454)	(4,803,454)
Share-based compensation		-	-	-	-	376,619	-	376,619
Conversion of Convertible Debentures	6	6,039,000	-	-	-	589,594	-	6,628,594
Modification of warrants	8(e)	-	-	-	-	87,650	(87,650)	-
Conversion of retractable preferred shares	7	7,420,265	-	-	-	-	-	7,420,265
Conversion of preferred shares	8(c)	13,011,033	-	(13,011,033)	-	-	-	-
Conversion of Special warrants	9	6,812,648	-	-	(9,164,731)	2,352,083	-	-
Settlement of debt	11,12	-	528,168	-	-	39,548	-	567,716
Exercise of warrants	8(e)	877,775	-	-	-	(248,275)	-	629,500
Balance, September 30, 2020		**38,804,666**	**528,168**	**-**	**-**	**8,369,411**	**(48,095,488)**	**(393,243)**
Balance, December 31, 2018		**4,643,945**	**-**	**13,011,033**	**-**	**2,701,639**	**(32,799,372)**	**(12,442,755)**
Net loss and comprehensive loss		-	-	-	-	-	(6,061,318)	(6,061,318)
Share-based compensation		-	-	-	-	564,574	-	564,574
Issuance of Special Warrants, net of cash issuance costs	9	-	-	-	7,771,513	-	-	7,771,513
Special Broker Warrants issued	9	-	-	-	(181,351)	181,351	-	-
Balance, September 30, 2019		**4,643,945**	**-**	**13,011,033**	**7,590,162**	**3,447,564**	**(38,860,690)**	**(10,167,986)**

NEWTOPIA INC.

Condensed Interim Statements of Cash Flows (Unaudited)
Nine Months Ended September 30, 2020 and 2019
(Expressed in Canadian Dollars)

	Nine Months Ended September 30, 2020	2019
	$	$
Cash flows used in operating activities:		
Net loss and comprehensive loss	**(4,803,454)**	(6,061,318)
Items not involving cash:		
Depreciation of property and equipment	**61,905**	37,396
Depreciation of right-of-use asset	**138,578**	138,576
Share-based compensation	**376,619**	564,574
Interest and accretion expense	**233,542**	2,162,526
Interest on lease obligations	**109,967**	119,867
Interest on promissory note	**8,219**	-
Loss on settlement of debt	**167,716**	-
Change in value of convertible debentures derivative liabilities	**448,656**	86,097
Change in value of derivative liability	**63,804**	27,874
	(3,194,448)	(2,924,408)
Net change in non-cash working capital		
Trade and other receivables	**408,998**	(716,821)
Inventories	**381,258**	100,137
Prepaid expenses and deposits	**(47,144)**	(111,359)
Accounts payable and accrued liabilities	**(173,889)**	116,176
	(2,625,225)	(3,536,275)
Interest paid	**-**	(1,944)
	(2,625,225)	(3,538,219)
Cash flows used in investing activities		
Purchase of property and equipment	**(15,725)**	(21,636)
	(15,725)	(21,636)
Cash flows from (used in) financing activities:		
Repayment of lease obligations	**(214,046)**	(142,525)
Issuance of Special Warrants, net of cash issuance costs and settlement of Debentures	**-**	7,021,513
Proceeds from promissory note	**500,000**	-
Proceeds from exercise of non-broker warrants	**629,500**	-
	915,454	6,878,988
(Decrease) increase in cash	**(1,725,496)**	3,319,133
Cash, beginning of period	**2,386,341**	1,428,558
Cash, end of period	**660,845**	4,747,691
Supplemental disclosure of cash flow information		
Non-cash settlement of secured debentures	**-**	750,000