Neptune Wellness Solutions Inc.

Neptune Announces Second Quarter Results

Cannabis Production Licencing Process in Final Stages – Phase II Capacity Expansion On Track

Q2 Financial and Operational Highlights for the 3-month period ended September 30, 2018
compared to the 3-month period ended September 30, 2017

- Confirmation of Readiness Letter received from Health Canada on September 17, 2018.
- Submission of Evidence Package to Health Canada on September 19, 2018, which is the final step of the application process prior to the issuance of a Producers Licence.
- Completion of Phase 1 Investment announced on August 14, 2018 making the facility ready and compliant for the extraction and production of cannabis oil.
- Filing of two patent applications for innovative cannabis extraction processes on August 9, 2018.
- Comparable nutraceutical revenues increased 18% to $7.1 million in the current quarter versus revenues of $6.0 million for the three-month period ended September 30, 2017 (excluding krill oil manufacturing business).
- Net loss of $3.1 million versus a net income of $20.0 million in the prior year reflecting investment in cannabis business development in the current quarter, and a gain of $23.9 million realized from the sale of the krill oil business in the comparative quarter.
- Non-IFRS operating loss was $1.2 million compared to $0.2 million in the prior year reflecting investment in cannabis business development.
- Cash balance of $20.5 million as at September 30, 2018.

Laval, Québec, CANADA – November 13, 2018 – Neptune Wellness Solutions Inc. (“Neptune” or the “Corporation”) (NASDAQ – TSX: NEPT), today announced its financial and operating results for the 3-month period ended September 30, 2018. All amounts are in Canadian dollars.

“We are progressing through the cannabis licensing process with Health Canada, having submitted our Evidence Package. We are at the final stages of this process, and our Sherbrooke facility will begin operations shortly following the receipt of our Producers Licence pursuant to Cannabis Regulation (CR),” stated Jim Hamilton, President and Chief Executive Officer. “Our Phase II capacity expansion is moving ahead on time and is expected to be completed by March 2019, significantly raising our production capability to 200,000 kg of dried cannabis using advanced extraction techniques.”

“In the nutraceutical business, we continued to deliver revenue growth during the second quarter, while advancing toward our goal of commercializing our B2B cannabis extraction operations. We remain in a solid financial position with over $20 million in cash and, with supply agreements booked and projected opportunities, our plan remains for our cannabis operations to achieve positive EBITDA within our first year of production,” concluded Mr. Hamilton.

1 Excluding cardiovascular segment.
2 See “Caution Regarding Non-IFRS Financial Measures” and “Reconciliation of Segment income (loss) from operating activities before corporate expenses to Adjusted Segment EBITDA (non-IFRS operating segment loss) and net loss to non-IFRS operating loss” which follow.
Financial Results Highlights

Cannabis investments were initiated during the three-month period ended December 31, 2017. Therefore, no cannabis results are included in the comparative results indicated below.

Second Quarter Financial Results

- Revenues increased at $7.1 million for the three-month period ended September 30, 2018, versus adjusted revenues of $6.0 million for the three-month period ended September 30, 2017. Quarterly revenues for 2017 were adjusted to take into account the sale of the krill manufacturing business on August 7, 2017.
- Net loss was $3.1 million for the current quarter, versus a net income of $20.0 million for the three-month period ended September 30, 2017.
- Non-IFRS operating loss\(^1\) was $1.2 million for the current quarter, compared to $0.2 million for the three-month period ended September 30, 2017. The variation of $1.0 million is mostly coming from the investment into the Cannabis business.

Year-to-Date Financial Results

- Revenues increased at $12.2 million for the six-month period ended September 30, 2018, versus adjusted revenues of $11.2 million for the six-month period ended September 30, 2017. Revenues for the six-month period ended September 30, 2017 were adjusted to take into account the sale of the krill manufacturing business on August 7, 2017.
- Net loss was $7.2 million for the six-month period ended September 30, 2018, versus a net income of $18.8 million for the six-month period ended September 30, 2017.
- Non-IFRS operating loss\(^1\) was $3.5 million for the six-month period ended September 30, 2018, compared to an Adjusted EBITDA\(^2\) of $0.5 million for the six-month period ended September 30, 2017. The variation of $3.0 million is mostly coming from the investment into the Cannabis business.

Consolidated Results

On a consolidated basis, until the loss of control on December 27, 2017, the three-month period ended September 30, 2017 includes a Non-IFRS operating loss\(^1\) of $3.4 million and a net loss of $4.4 million for Neptune’s subsidiary, Acasti, which is actively engaged in clinical studies and research and development. The six-month period ended September 30, 2017 includes a Non-IFRS operating loss\(^1\) of $5.5 million and a net loss of $7.2 million for Acasti.

Cash and cash equivalents, including $2.4 million of short-term investments, were $20.5 million as at September 30, 2018.

Caution Regarding Non-IFRS Financial Measures

The Corporation uses two adjusted financial measures, Adjusted Segment Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) called non-IFRS operating segment loss when a segment is in a loss position, and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) called non-IFRS operating loss when the Corporation is in a loss position, to assess its operating performance. These non-IFRS financial measures are directly derived from the Corporation’s financial statements and are presented in a consistent manner. The Corporation uses these measures for the purposes of evaluating its historical and prospective financial performance, as well as its performance relative to competitors. These measures also help the Corporation to plan and forecast for future periods as well as to make operational and strategic decisions. The Corporation believes that providing this information to investors, in addition to IFRS measures,

\(^1\) See “Caution Regarding Non-IFRS Financial Measures” and “Reconciliation of Segment income (loss) from operating activities before corporate expenses to Adjusted Segment EBITDA (non-IFRS operating segment loss) and net loss to non-IFRS operating loss” which follow.
allows them to see the Corporation’s results through the eyes of management, and to better understand its historical and future financial performance.

Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. The Corporation uses Adjusted Segment EBITDA (or non-IFRS operating segment loss when in a loss position) and Adjusted EBITDA (or non-IFRS operating loss when in a loss position) to measure its performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our operating performance, and because the Corporation believes it provides meaningful information on the Corporation’s financial condition and operating results. Neptune’s method for calculating Adjusted Segment EBITDA (or non-IFRS operating segment loss) and Adjusted EBITDA (or non-IFRS operating loss) may differ from that used by other corporations.

Neptune obtains its Adjusted Segment EBITDA (or non-IFRS operating segment loss) measurement by adding depreciation and amortization and stock-based compensation to segment income (loss) from operating activities before corporate expenses. Neptune obtains its Adjusted EBITDA (or non-IFRS operating loss) measurement by adding to net income (loss), net finance costs, depreciation and amortization, income tax expense and by subtracting income tax recovery. Other items such as stock-based compensation, impairment loss on inventories, other income – net gain on sale of assets and legal fees related to royalty settlements that do not impact core operating performance of the Corporation are excluded from the calculation as they may vary significantly from one period to another. Excluding these items does not imply they are non-recurring.

Conference Call Details
Neptune will be holding a conference call on November 13, 2018, at 5:00 PM (EST) to discuss its second quarter results for the three months period ended September 30, 2018.

Date: Tuesday, November 13, 2018
Time: 5:00 PM Eastern Standard Time
Call: 1-888-231-8191
Conference ID: 5897581
Webcast: A live webcast and presentation of the results can be accessed at: http://neptunecorp.com/en/investors/events-and-presentations/

A replay of the call will be available for replay shortly after the call’s completion, until December 13, 2018. The replay can be accessed online in the Investors section of Neptune’s website under Investor Events and Presentations. It is also under this section that you will find the archive of the webcast, along with its accompanying presentation.
About Neptune Wellness Solutions Inc.
Neptune is a health and wellness products company, with more than 50 years of combined experience in extraction, purification and formulation of value-added differentiated science-based products. Currently, the Company develops turnkey nutrition product solutions available in various unique delivery forms, offers specialty ingredients such as MaxSimil®, a patented ingredient that enhances the absorption of lipid-based nutraceuticals, and a variety of other marine and seed oils. Leveraging its scientific, technological and innovative expertise, Neptune is preparing to commence production of products for legal cannabis markets.

The Company's head office is located in Laval, Quebec.

Forward Looking Statements
Statements in this press release that are not statements of historical or current fact constitute “forward-looking statements” within the meaning of the U.S. securities laws and Canadian securities laws. Such forward-looking statements involve known and unknown risks, uncertainties, and other unknown factors that could cause the actual results of Neptune to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. In addition to statements which explicitly describe such risks and uncertainties, readers are urged to consider statements labeled with the terms “believes,” “belief,” “expects,” “intends,” “anticipates,” “will,” “should,” or “plans” to be uncertain and forward-looking. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Forward-looking information in this press release includes, but is not limited to, information or statements about our ability to successfully develop, produce, supply, promote or generate any revenue from the sale of any cannabis-based products in the legal cannabis market.

The forward-looking statements contained in this press release are expressly qualified in their entirety by this cautionary statement and the “Cautionary Note Regarding Forward-Looking Information” section contained in Neptune’s latest Annual Information Form (the “AIF”), which also forms part of Neptune’s latest annual report on Form 40-F, and which is available on SEDAR at www.sedar.com, on EDGAR at www.sec.gov/edgar.shtml and on the investor section of Neptune’s website at www.neptunecorp.com. All forward-looking statements in this press release are made as of the date of this press release. Neptune does not undertake to update any such forward-looking statements whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained herein are also subject generally to other risks and uncertainties that are described from time to time in Neptune public securities filings with the Securities and Exchange Commission and the Canadian securities commissions. Additional information about these assumptions and risks and uncertainties is contained in the AIF under “Risk Factors”.

Neither NASDAQ nor the Toronto Stock Exchange accepts responsibility for the adequacy or accuracy of this release.

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Reconciliation of Segment income (loss) from operating activities before corporate expenses to Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\) and net loss to non-IFRS operating loss\(^1\)
(Expressed in thousands of dollars)

**Three-month period ended September 30, 2018**

<table>
<thead>
<tr>
<th></th>
<th>Nutraceutical</th>
<th>Cannabis</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$7,071</td>
<td></td>
<td>$7,071</td>
<td>$7,071</td>
</tr>
<tr>
<td>Gross margin</td>
<td>$2,357</td>
<td></td>
<td>$2,357</td>
<td>$2,357</td>
</tr>
<tr>
<td>R&amp;D expenses, net of tax credits and grants</td>
<td></td>
<td></td>
<td></td>
<td>(1,689)</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>(1,095)</td>
<td>(479)</td>
<td></td>
<td>(1,574)</td>
</tr>
<tr>
<td>Segment income (loss) from operating activities before corporate expenses</td>
<td>$1,163</td>
<td>(2,069)</td>
<td></td>
<td>(906)</td>
</tr>
<tr>
<td>Unallocated costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate general and administrative expenses</td>
<td></td>
<td>(1,915)</td>
<td></td>
<td>(1,915)</td>
</tr>
<tr>
<td>Net finance costs</td>
<td></td>
<td>(54)</td>
<td></td>
<td>(54)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td></td>
<td>(175)</td>
<td></td>
<td>(175)</td>
</tr>
<tr>
<td>Net loss</td>
<td></td>
<td></td>
<td></td>
<td>(3,050)</td>
</tr>
</tbody>
</table>

**Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\) calculation**

Segment income (loss) from operating activities before corporate expenses: $1,163 (2,069)
Add:
- Depreciation and amortization: 188 495
- Stock-based compensation: 114 256

**Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\)**: 1,465 (1,318)

**Non-IFRS operating loss\(^1\) calculation**

Net loss: (3,050)
Add (deduct):
- Depreciation and amortization: 734
- Net finance costs: 54
- Stock-based compensation: 859
- Income tax expense: 175

**Non-IFRS operating loss\(^1\)**: (1,228)

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\(^1\) See “Caution Regarding Non-IFRS Financial Measures”. 
Reconciliation of Segment income (loss) from operating activities before corporate expenses to Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\) and net income to non-IFRS operating loss\(^1\)

(Expressed in thousands of dollars)

Three-month period ended September 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>Nutraceutical</th>
<th>Cardiovascular</th>
<th>Corporate eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$6,795</td>
<td>$ –</td>
<td>$ –</td>
<td>$6,795</td>
</tr>
<tr>
<td>Gross margin</td>
<td>$408</td>
<td>$ –</td>
<td>$ –</td>
<td>$408</td>
</tr>
<tr>
<td>R&amp;D expenses, net of tax credits and grants</td>
<td>$(345)</td>
<td>$(3,349)</td>
<td>$581</td>
<td>$(3,113)</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>$(1,580)</td>
<td>$(1,037)</td>
<td>$ –</td>
<td>$(2,617)</td>
</tr>
<tr>
<td>Other income - net gain on sale of assets</td>
<td>$23,871</td>
<td>$ –</td>
<td>$ –</td>
<td>$23,871</td>
</tr>
<tr>
<td>Segment income (loss) from operating activities before corporate expenses</td>
<td>$22,354</td>
<td>$(4,386)</td>
<td>$581</td>
<td>$18,549</td>
</tr>
</tbody>
</table>

Unallocated costs:
- Corporate general and administrative expenses $(1,396)
- Net finance costs $(1,029)
- Income tax expense $(7)
- Net income 16,117

Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\) calculation

Segment income (loss) from operating activities before corporate expenses 22,354 $(4,386) 581
Add:
- Depreciation and amortization 711 667 $(581)
- Stock-based compensation 85 295 $ –
- Impairment loss on inventories 1,719 $ – $ –
- Other income - net gain on sale of assets $(23,871) $ – $ –
Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\) 998 $(3,424) $ –

Non-IFRS operating loss\(^1\) calculation
Net income 16,117
Add (deduct):
- Depreciation and amortization 895
- Net finance costs 1,029
- Stock-based compensation 516
- Impairment loss on inventories 1,719
- Other income - net gain on sale of assets $(23,871)
- Income tax expense 7
Non-IFRS operating loss\(^1\) $(3,588)

\(^1\) See “Caution Regarding Non-IFRS Financial Measures”.
Reconciliation of Segment income (loss) from operating activities before corporate expenses to Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\) and net loss to non-IFRS operating loss\(^1\)
(Expressed in thousands of dollars)

**Six-month period ended September 30, 2018**

<table>
<thead>
<tr>
<th></th>
<th>Nutraceutical</th>
<th>Cannabis</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>12,240</td>
<td></td>
<td></td>
<td>12,240</td>
</tr>
<tr>
<td>Gross margin</td>
<td>3,851</td>
<td></td>
<td></td>
<td>3,851</td>
</tr>
<tr>
<td>R&amp;D expenses, net of tax credits and grants</td>
<td>(186)</td>
<td>(3,179)</td>
<td></td>
<td>(3,365)</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>(2,183)</td>
<td>(976)</td>
<td></td>
<td>(3,159)</td>
</tr>
<tr>
<td>Segment income (loss) from operating activities before corporate expenses</td>
<td>1,482</td>
<td>(4,155)</td>
<td></td>
<td>(2,673)</td>
</tr>
<tr>
<td>Unallocated costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate general and administrative expenses</td>
<td></td>
<td></td>
<td>(4,183)</td>
<td>(4,183)</td>
</tr>
<tr>
<td>Net finance costs</td>
<td></td>
<td></td>
<td>(202)</td>
<td>(202)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td></td>
<td></td>
<td>(92)</td>
<td>(92)</td>
</tr>
<tr>
<td>Net loss</td>
<td></td>
<td></td>
<td></td>
<td>(7,150)</td>
</tr>
</tbody>
</table>

**Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\) calculation**

Segment income (loss) from operating activities before corporate expenses | 1,482 | (4,155) |          | (2,673) |
Add:
Depreciation and amortization | 374 | 1,011 |          |          |
Stock-based compensation | 244 | 524 |          |          |

**Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\)**

<table>
<thead>
<tr>
<th></th>
<th>Nutraceutical</th>
<th>Cannabis</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>374</td>
<td>1,011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>244</td>
<td>524</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted Segment EBITDA(^1) (non-IFRS operating segment loss)(^1)</strong></td>
<td>2,100</td>
<td>(2,620)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Non-IFRS operating loss\(^1\) calculation**

Net loss | (7,150) |
Add (deduct):
Depreciation and amortization | 1,488 |
Net finance costs | 202 |
Stock-based compensation | 1,884 |
Income tax expense | 92 |
**Non-IFRS operating loss\(^1\)** | (3,484) |

<table>
<thead>
<tr>
<th></th>
<th>Nutraceutical</th>
<th>Cannabis</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets(^3)</td>
<td>24,206</td>
<td>45,797</td>
<td>28,338</td>
<td>98,341</td>
</tr>
<tr>
<td>Cash, cash equivalents, short-term investment and restricted short-term investment</td>
<td>2,394</td>
<td></td>
<td>18,070</td>
<td>20,464</td>
</tr>
<tr>
<td>Working capital(^2)</td>
<td>3,172</td>
<td>(1,093)</td>
<td>17,126</td>
<td>19,205</td>
</tr>
</tbody>
</table>

\(^1\) See “Caution Regarding Non-IFRS Financial Measures”.
\(^2\) The working capital is presented for information purposes only and represents a measurement of the Corporation’s short-term financial health mostly used in financial circles. The working capital is calculated by subtracting current liabilities from current assets. Because there is no standard method endorsed by IFRS, the results may not be comparable to similar measurements presented by other public companies.
\(^3\) The corporate reportable segment assets include the investment in Acasti.
Reconciliation of Segment income (loss) from operating activities before corporate expenses to Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\) and net income to non-IFRS operating loss\(^1\)
(Expressed in thousands of dollars)

Six-month period ended September 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>Nutraceutical</th>
<th>Cardiovascular</th>
<th>Corporate</th>
<th>Inter-segment eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>13,326</td>
<td>–</td>
<td></td>
<td>–</td>
<td>13,326</td>
</tr>
<tr>
<td>Gross margin</td>
<td>2,851</td>
<td>–</td>
<td></td>
<td>–</td>
<td>2,851</td>
</tr>
<tr>
<td>R&amp;D expenses, net of tax credits and grants</td>
<td>(737)</td>
<td>(5,331)</td>
<td>1,161</td>
<td>(4,907)</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>(2,837)</td>
<td>(1,853)</td>
<td></td>
<td>–</td>
<td>(4,690)</td>
</tr>
<tr>
<td>Other income - net gain on sale of assets</td>
<td>23,871</td>
<td>–</td>
<td>–</td>
<td>23,871</td>
<td></td>
</tr>
<tr>
<td>Segment income (loss) from operating activities before corporate expenses</td>
<td>23,148</td>
<td>(7,184)</td>
<td>1,161</td>
<td>17,125</td>
<td></td>
</tr>
</tbody>
</table>

Unallocated costs:
- Corporate general and administrative expenses
  Net income: 
  Corporate general and administrative expenses: (2,960) 
  Net finance costs: (1,428) 
  Income tax recovery: 13 
  Net income: 12,750

Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\) calculation

Segment income (loss) from operating activities before corporate expenses: 23,148

Add:
- Depreciation and amortization: 1,433
- Stock-based compensation: 311
- Impairment loss on inventories: 1,161
- Other income - net gain on sale of assets: 23,871

Adjusted Segment EBITDA\(^1\) (non-IFRS operating segment loss)\(^1\): 2,594

Non-IFRS operating loss\(^1\) calculation

Net income: 12,750

Add (deduct):
- Depreciation and amortization: 1,922
- Net finance costs: 1,428
- Stock-based compensation: 913
- Impairment loss on inventories: 1,719
- Other income - net gain on sale of assets: 23,871
- Legal fees related to royalty settlements: 91
- Income tax recovery: (13)

Non-IFRS operating loss\(^1\): (5,061)

Total assets: 66,118
Cash, cash equivalents and restricted short-term investments: 33,290
Working capital\(^2\): 2,068

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\(^1\) See “Caution Regarding Non-IFRS Financial Measures”.

\(^2\) The working capital is presented for information purposes only and represents a measurement of the Corporation’s short-term financial health mostly used in financial circles. The working capital is calculated by subtracting current liabilities from current assets. Because there is no standard method endorsed by IFRS, the results may not be comparable to similar measurements presented by other public companies.