



Dear Investors,

This is my first letter to shareholders, since having been named CEO in early July. I've spent a lot of this time listening to key stakeholders and evaluating the company and its strategy and vision. I wanted to share with you my strategic vision for Neptune and key actions I've taken since joining the company. We have moved our B2B extraction business from preparation to implementation. We also closed our SugarLeaf acquisition on July 24 which will enable us to participate in both the B2B and B2C hemp-derived CBD market in the US. I intend to use my experience in the consumer space to reinvigorate the company in this dynamic market. This quarter we were able to put in place several building blocks to support that growth.

These actions include:

- Raised \$41 million in private placement and became an investor myself.
- Boosted production at the Sherbrooke factory with a goal to operate this location 24 hours a day, seven days per week.

We expect to see the positive impact of these actions beginning in the second quarter of fiscal 2020. This expansion is expected to allow us to fulfill orders and grow sales with our current customers as well as acquire new customers both in Canada and the United States.

Regarding expanded production, in June, we received an approval from Health Canada indicating that all requested license amendments have been approved. This will increase our current annualized capacity from 30,000 kg to 200,000 kg. Ethanol extraction is a faster and more cost-effective process than our current CO2 extraction. This new process is expected to begin this month.

Before the end of the year, we have additional expansion plans for Sherbrooke and SugarLeaf further increasing our capacity, as well as expanding our finished dosage forms and package capabilities. Both facilities are expected to have an extraction capacity of 1,500,000 kg of cannabis and hemp biomass.

Once approved, our expanded warehouse space will allow us to receive large amounts of raw materials in both room temperature and cold storage and give us a differentiated advantage for customers looking to send us entire crops. We are also integrating our product development capabilities which have resided in our Nutrition Business into our Cannabis Business giving us another strong point of differentiation to better serve our customers as well as expand our footprint in the US.

Once the expansion phases are complete, we expect Neptune's two extraction facilities to have impressive earnings potential. Given that we only recently acquired SugarLeaf and are still in the process of integrating those operations, we estimate that, based on a conservative capacity utilization scenario of 50%, our two facilities could support in excess of \$450 million in annual revenues. In addition, our highly automated operations are expected to translate into low production costs benefiting margins, which have the potential to exceed 40% at the EBITDA level. With a focus on bringing the highest quality products to market sustainably, we believe these developments can help us achieve and surpass these scenarios. There can, of course, be no assurance that the integration of Sugarleaf will be successfully implemented, that our utilization capacity will achieve anticipated levels, or that operational costs and margins will benefit from these developments to the extent anticipated at this time.

Further expansion will be focused on helping us move closer to the customer, while staying ahead of consumer preferences. We want to provide localized service as we navigate the evolving landscape of legalization and regulation.

Cannabis is well accepted across generations, and I believe we are standing on the edge of a dramatic shift in consumer preference and adoption. We are already seeing consumers driving demand for plant-based natural products and cannabis is no exception. Neptune's extraction expertise and pharmaceutical and biotech background positions us to transform the cannabis ecosystem and identify new uses for the whole cannabis plant. As an example of this expertise, we just filed for two patents that cover our cold ethanol extraction as well as lipid extraction. Furthermore, we have also filed a patent for our proprietary omega-3 formulation as a carrier oil for cannabis and have five clinical studies planned for this year to support these patents. I am optimistic about our ability to bring new product offerings to market in the next year.

I'm working to ensure we have the best and most agile team in place. We've already hired 12 employees, including several production specialists and I have my sights set on hiring an additional 68 employees by the end of the year, bringing our total employment to 150 in Canada and 39 in the United States. These new hires are meant to complement our current team's knowledge and expertise and only expand our competitiveness. We also want to invest more in our talent. I'm committed to offering more guidance and training. I expect that our robust team will help us innovate, support our expanded production capabilities, identify new revenue streams and drive value for our customers.

We are also launching Neptune Ventures a strategic investment arm and technology incubator which is expected to stimulate innovation and partnerships in the cannabis and wellness industry. Neptune Ventures will support Neptune's growth into the consumer market and allow us to invest alongside our customers in innovative new products and technology to offer additional value to our customers and shareholders.

Transparency is a core value for Neptune, and it's at the center of how I want to lead this business and communicate with you as well as our customers and consumers. I plan to regularly communicate about our progress, and I look forward to sharing more details in the coming months. Neptune Wellness is well-positioned and together we will raise the bar when it comes to transparency, quality and industry standards.

Regards,
Michael Cammarata

Caution Regarding Non-IFRS Financial Measures

The Corporation uses two adjusted financial measures, Adjusted Segment Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted Segment EBITDA) and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) 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, 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 and Adjusted EBITDA 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 and Adjusted EBITDA may differ from that used by other corporations.

Neptune obtains its Adjusted Segment EBITDA 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 measurement by adding to net income (loss), net finance costs and depreciation and amortization and by subtracting income tax recovery. Other items such as stock-based compensation, litigation provisions, acquisition costs and severance and related costs that do not impact core operating performance of the Corporation are also added back as they may vary significantly from one period to another. Adjusting for these items does not imply they are non-recurring.

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," "projects," "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 and hemp-based products in the legal 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.