

Neptune Wellness Solutions

Dear Investors,

Since I first joined Neptune six months ago, we've quickly taken decisive action to make changes at all levels of the company, including addressing operational challenges, improving our B2B production capabilities and reassessing our customer relationships. We've changed and enhanced our management team with world-class hires and launched our B2C division at an unprecedented pace.

My vision for Neptune is a fully realized B2B extraction business working alongside a consumer model that will take advantage of changing consumer preferences and give us access to new markets in personal care, home care and beauty. I believe that this is not only the future of cannabis, nutrition and retail, but has the potential to be one of the most profitable segments of Neptune's future business.

It's also why I'm so optimistic about today's launch of our Forest Remedies Brand. Consumers in the United States can now purchase hemp-derived wellness products and our essential oil and aromatherapy line directly from www.forestremedies.com. The new line consists of ingestibles in softgel and extract forms, topical balms, massage oils and a pet soother. The initial essential oil line comprises six scents including a variety of blends that we developed in collaboration with our partner, International Flavors & Fragrances. Products will be priced at a 50% discount on average to the leading CBD brand in the United States, making our high-quality products accessible.

We are also utilizing some of our North Carolina extraction capacity to manufacture the products for the Forest Remedies brand. I look forward to sharing more updates in the coming months.

Canadian manufacturing

As discussed on this morning's conference call and press release, we've experienced delays with our Phase II expansion and Phase IIIa expansion. I remain firmly committed to developing our B2B extraction business, as our extraction expertise and production methods give us a competitive advantage in the market.

Our CO2 extraction equipment is operational 24/7 and we are actively fulfilling customer orders. For Phase II or our ethanol extraction, we've completed a successful test extraction and we will be commissioning other aspects of the system at room temperature in the coming days. It is crucial to our long-term product potential that we complete Phase II the right way, and in the past few months, we've taken steps to do just that. We've improved our storage capacity, modified the building to meet regulations and invested in training and staff to ensure the best quality products for our customers. Our new chill ethanol cooling agent is food grade and will better protect our machinery. The new cooling agent will be installed in the coming months. Until our cooling agent is installed, the process to produce distillates will be slightly longer, and our capacity will be dependent on demand.

Our Phase IIIa expansion has been put on hold, and we'll still pursue licensing with Health Canada, but won't commission the large equipment in the near term. We will look at other uses for the space including the opportunity to produce higher end and higher margin products.

Canada has experienced delays in the rollout of cannabis stores and these delays have impacted the whole market. We are looking at the long-term value of our client contracts and will find solutions suitable for both parties. We will also look at the opportunity to produce cannabis derivatives and other specialty product forms for the Canadian market. We are applying to sell cannabis products in Canada directly to licensed distributors and retailers. Upon receipt of the license amendment, we expect to launch cannabis products in Canada under the Forest Remedies™, Ocean Remedies™ and Neptune® brands.

At our Sherbrooke facility, we are requesting an amendment to our license issued by Health Canada to include additional packaging and warehousing areas. This will increase Neptune's capacity to provide turnkey solutions to our customers in formulation, purification, blending, manufacturing and packaging services. We will also have more flexibility to manufacture white label products including tinctures, vape pens, capsules, powders, teas and emulsions. As part of this initiative, we will also request additional warehousing space, including refrigerated storage, which will be a competitive advantage for our production.

B2C market

To support the launch of Forest Remedies in the United States, we'll undertake a full-scale marketing and public relations campaign with our strategic partner, American Media, and its media properties including In touch and US Weekly. American Media's portfolio of brands has a combined total circulation of 5.7+ million and reaches 53+ million readers each month.

We have also built a brand for our Omega-3 products, which will now be sold under the Ocean Remedies™ brand. We're planning further product launches under the Ocean Remedies™ brand for later this year. Other opportunities in the B2C market include a recent exclusive partnership to create 3D-printed dissolvable CBD-infused teas for drinks. The dissolvable functional food that can be printed in any shape, including logos, and infused with CBD oil.

We are also setting up our long-term corporate responsibility program to redefine health and wellness through social responsibility, sustainability and innovation for all generations. As part of our Forest Remedies launch, we've partnered with One Tree Planted, a non-profit environmental charity on a mission of global reforestation. With their help, we'll plant trees in North America, Latin America, Africa, and Asia. This aligns Forest Remedies' mission to rebuild the world's forests and create a more sustainable future through regenerative farming while making the highest quality, plant-based products accessible to consumers everywhere.

New hires

Our focused effort to expand our B2C offering has been supported by recent management team hires. We hired Eric Dodge as Senior Brand Manager, to oversee the growth of Forest Remedies and Neptune's other brands. Eric was recently Brand Manager of the Oral Care Innovation at Tom's of Maine, a subsidiary of Colgate-Palmolive. We also hired Tyler Segel as Creative Manager for all of Neptune's brands. He was previously Creative Director for Factory North where he helped develop the Schmidt's Naturals brand.

We are recruiting world-class talent to bring forward our vision of a fully realized B2B extraction business and the development of consumer brands that can change the way cannabis is used and consumed. These recent hires demonstrate our commitment and exemplify our ability to attract top-tier talent who believe in our future. And we're just getting started.

Our CFO search is ongoing, but to deliver on our world-class talent promise, our CFO hire is key. As the market has changed, we've had to change the job requirements to manage both B2B and B2C channels. We are talking with several candidates and I look forward to making a hiring announcement soon.

The next milestone

Our management team's experience launching, commercializing and marketing wellness products sets us up for a successful launch of the Forest Remedies and Ocean Remedies brands. Despite a slightly slower than anticipated start on the production side, we are building the foundation for this company for many years to come. I am excited for what's next, especially the launch and significant market potential of the Forest Remedies and Ocean Remedies brands.

Regards,
Michael Cammarata