

# Neptune Wellness Solutions

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## Neptune Wellness Solutions eyes expansion of extraction capacity as it reports 4Q results

Neptune Wellness Solutions Inc (NASDAQ:NEPT) (TSE:NEPT) is eyeing a boost in its extraction capacity as the health and wellness products company reported its fourth-quarter and annual fiscal results on Wednesday.

Neptune specializes in extraction, purification and formulation of cannabis products. The firm also provides turnkey solutions and specialty ingredients for the nutrition industry.

In the quarter, it reported revenue of C\$5.7 million for the three-month period ended March 31, as compared to C\$6.8 million in the year-ago period. Late in the fourth quarter, Neptune began commercial production and shipping of cannabis extracts, recording its first cannabis revenues, which is expected to add to the books in further quarters.

### READ: The Green Organic Dutchman inks pact with Neptune to make organic wellness products

The company reported a net loss of C\$12.4 million in the quarter, versus a loss of C\$4.8 million for the three-month period ended March 31, 2018, which reflected litigation provisions of C\$7.9 million. The firm reported cash and cash equivalents of C\$9.8 million as of March 31, 2019.

"Looking into this fiscal year and beyond, we are in the enviable position of having more contracted demand in hand than our approved capacity can satisfy. The capacity amendments and security clearance applications we have submitted to Health Canada, when approved, will alleviate the constraints we are currently facing and support our growth," said CEO Jim Hamilton. "In addition, the expansion plans just approved by our Board of Directors will increase our available processing capability and broaden our service offering to transform Neptune into a one-stop shop for Licenced Cannabis Producers. We are also pursuing our EU GMP certification as well as our organic certification, both of which should unlock incremental markets and revenue opportunities."

### Multiple deals

In other news, earlier Wednesday, the firm announced it had signed a deal with The Green Organic Dutchman Holdings Ltd (TSE:TGOD) (OTCMKTS:TGODF), which will provide more than 230,000 kilograms of cannabis and hemp biomass to Neptune to process and transform into premium certified organic consumer wellness products.

The contract between TGOD and Neptune covers a period of three years and is expected to be back-end loaded with the first year accounting for approximately 20% of the total value.

The firm also recently signed a contract with Tilray Inc (NASDAQ:TILRAY) for the extraction of cannabinoids from cannabis and hemp biomass, which will see Tilray provide a minimum 125,000 kg over a three-year period.

Neptune also recently announced an agreement to acquire SugarLeaf Labs, a US-based hemp processor with an extraction capacity of 1,500,000 kg. The move is notable -- SugarLeaf will give Neptune a promising platform with an

**Price:** 2.4

**Market Cap:** \$309.06 m

### 1 Year Share Price Graph



October 2019 April 2020 October 2020

### Share Information

**Code:** NEPT

**Listing:** TSX

**52 week High Low**  
4.8 1.35

**Sector:** Pharma & Biotech

**Website:** neptunecorp.com

### Company Synopsis:

*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.*

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aim to capture the significant CBD wellness opportunity in the US.

"In summary, we are on track to achieve positive EBITDA this year, and on the threshold of creating a profitable, cash-generating business model," said Hamilton. "With the largest extraction facility in Canada, with a licence, and a transaction pending for a second facility in the United States, multiple supply partnerships now in hand, and solid and growing relationships with new clients, we are on our way to realizing our objective to become the global leader in cannabis extraction."

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