



**AR:14/15**

Our year in review.

*Tweed*



**This last year  
has been about  
building a solid  
foundation  
and a structure  
for an organic  
industry.**



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# 01.

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A Message  
from the CEO.



This was an exciting year. You don't witness the birth of an industry very often, especially one that's based on a known commodity like cannabis. In such a fast-paced environment, it's easy to forget how far you've come in a short period of time. When I take a step back and recount the milestones, I realize just how far we've come. We became a publicly traded company, shipped our first gram of product, secured a second facility, had it licensed, and became a market share leader, all in less than a year.

During this period of rapid growth and expansion, our focus at Tweed has been based on the belief that this industry has staying power, not only in Canada, but globally.

In Canada we have a strong, stable set of regulations that could be used as a model for the rest of the world. Medical cannabis grown in Canada is clean, controlled and convenient for the customer. Licensed Producers are held accountable by Health Canada, but moreover we are accountable to physicians and their patients, who have the ability to choose any producer they wish. For the right type of company, this is a foundation that enduring success can be built upon.

Globally, whether it's Europe, the Caribbean or South America, cannabis policies are becoming more liberal as jurisdictions begin to formally recognize the medical value of marijuana.

Within this local and global context, Tweed spent 2015 making strategic capital investments in our facilities and diversifying our business to satisfy the growing market of Canadians medicating with cannabis, with a long-term vision of building a global brand.

These investments were capital-intensive, and while the five operational quarters in FY15 resulted in losses, revenue grew steadily quarter over quarter. We've gone from construction to production, developing a trend of moving towards profitability.

Tweed has a rare combination of substance and style, accomplished by proving our credibility in the healthcare community and offering an approachable, intelligent brand to customers. Based on every indication, our approach is gaining traction.

The 2015 Annual Review looks back on an important year in Tweed's history. We are proud of what we were able to accomplish in a short period of time and welcome the challenges and prosperity that lie ahead.

On behalf of the Board of Directors and the entire team at Tweed, Here's to Future Growth.

A handwritten signature in black ink, appearing to read 'Bruce Linton', with a stylized flourish at the end.

Bruce Linton,  
*Chairman and Chief Executive Officer*  
*Tweed Marijuana Inc.*

# 02.

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## **Industry and Environment.**

Licensed Producers in Canada have a rare opportunity to build an industry from the ground up. The ecosystem is evolving rapidly, and businesses need to operate day-to-day without losing sight of the changes on the horizon. To Tweed, change represents opportunity. The opportunity to build something organically within the parameters of our regulatory environment. The opportunity to anticipate change and lead the way in a thriving made-in-Canada industry.



**18,512**  
**Registered customers in Canada**  
**as of March 31st**

**1,300**  
**New customers apply for**  
**MMPR each month**

### **Regulatory.**

Health Canada regulates Tweed under a newly created set of regulations called the Marihuana for Medical Purposes Regulations (MMPR). This new set of laws is Health Canada's second attempt at regulating cannabis for medical purposes. The Medical Marijuana Access Regulations required individual Canadians with a demonstrated medical need to retrofit their homes and grow their own medicine to the best of their abilities. The new regime allows people to access cannabis that is expertly grown, independently tested and delivered to their doors.

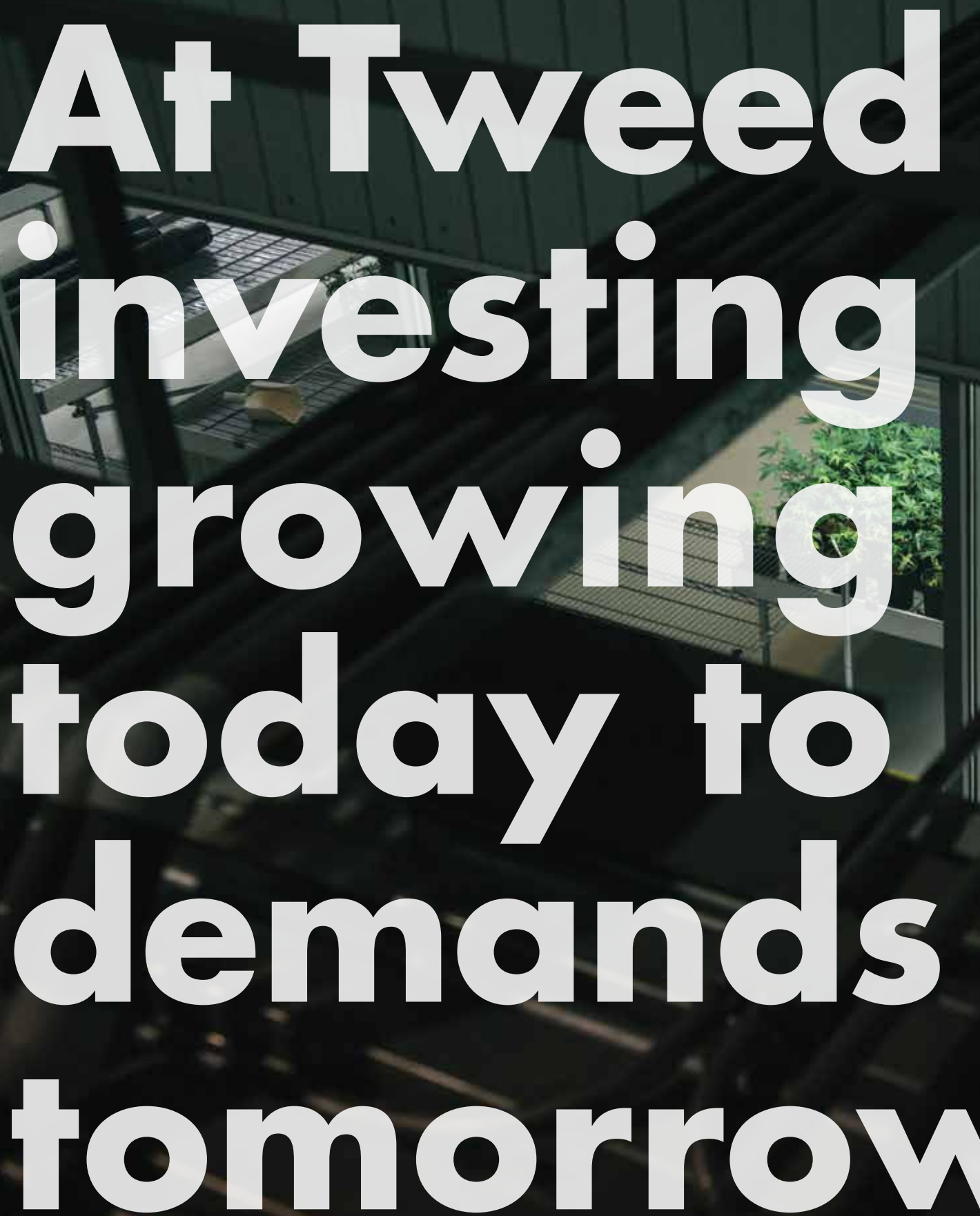
Customers and doctors are increasingly embracing the new system of expert production. More customers choose Tweed as their supplier of medical cannabis every month.

### **Political.**

The three major political parties in Canada have adopted starkly different cannabis policies. The Conservative Party is against recreational use and maintains that legalization would be dangerous, sending the wrong message to youth. They have also reiterated that they do not condone the medical application of cannabis citing a lack of evidence. The New Democratic Party asserts that more research is needed before the debate can be settled and an official party stance can be adopted. The Liberal Party of Canada has stated that they will fully legalize, regulate and tax recreational cannabis.

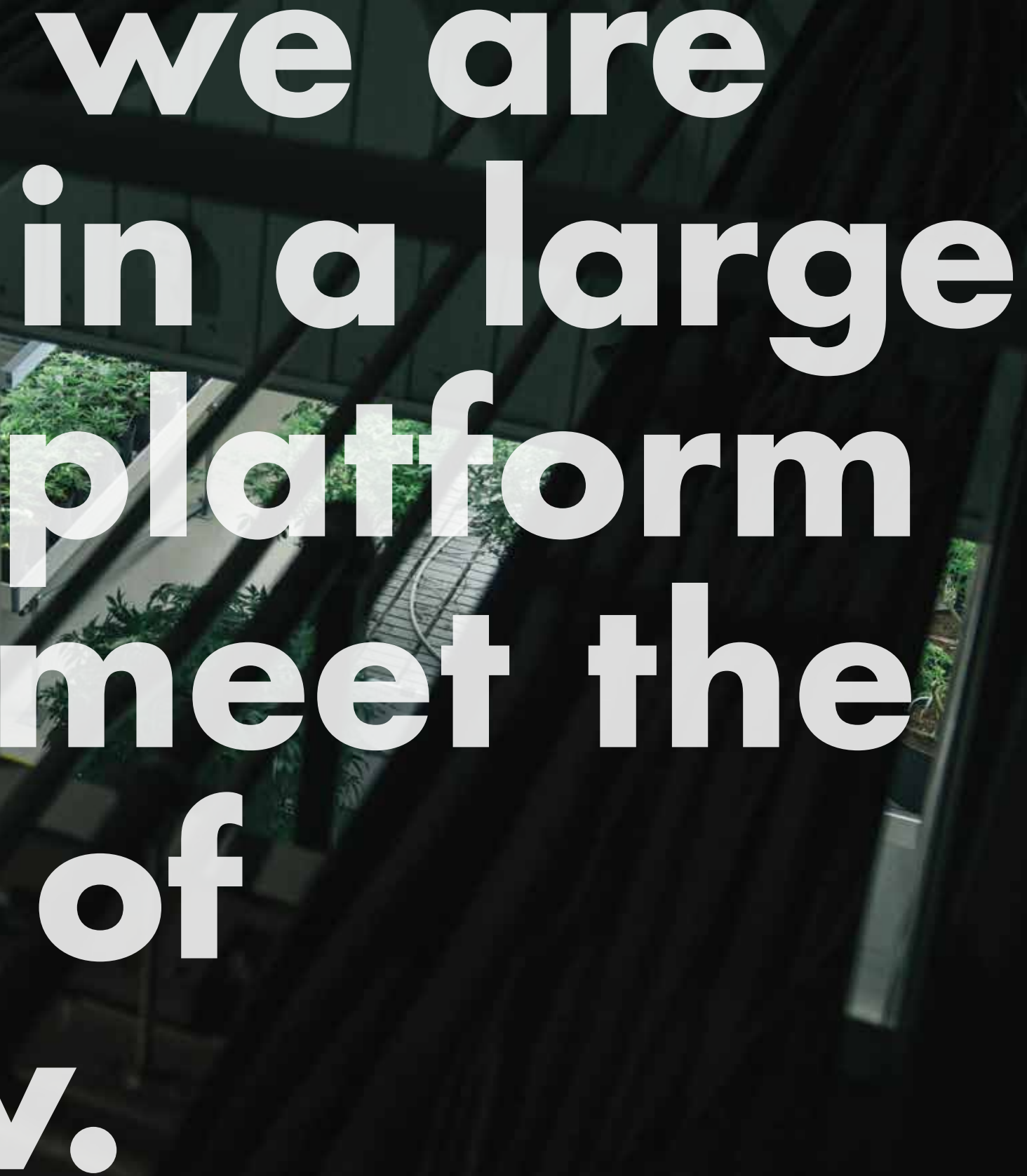
Tweed is positioned as a medical supplier of marijuana. The business was built in the medical market and the Company feels that it can prosper over the long term with our current business model.

Many jurisdictions around the globe – notably the states of Colorado, Alaska, Oregon and Washington – have fully legalized the sale of cannabis, which coincides with a broader liberalization of medical and recreational cannabis policies around the world. This shift presents unique opportunities to Tweed due to a developed brand, growing platform, and existing distribution network of quality cannabis.



**At Tweed  
investing  
growing  
today to  
demands  
tomorrow**





**we are  
in a large  
platform  
meet the  
of  
v.**

# 03.

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## **Tweed Marijuana Inc.**

Through its wholly owned subsidiaries, Tweed Inc. and Tweed Farms Inc., Tweed Marijuana Inc. (Tweed) is in the business of producing and selling medical marijuana in Canada. Tweed is licensed as a Licensed Producer of medical marijuana under the MMPR. Tweed's commercial license has a current term ending on November 18, 2015, which allows the Company to produce 3,500 kg of medical marijuana per year, a figure that reflects a fraction of the Company's peak production capacity once fully built-out.





The Company operates two state-of-the-art facilities. Tweed's headquarters in Smiths Falls operates a 180,000 sq. ft. facility, 168,000 sq. ft. of which is licensed production space including an in-house lab, R&D area and a storage vault.

Tweed Farms, the Company's second facility, is a 350,000 sq. ft. greenhouse located in Niagara-on-the-Lake, ON. Tweed Farms is licensed for the cultivation of medical marijuana. Tweed Farm's cultivation license has a current term ending December 31, 2015 and allows cultivation up to 11,500 cannabis plants. All marijuana cultivated by Tweed Farms pursuant to its Cultivation License is transferred from the Tweed Farms facility to the Smith Falls facility for final processing and sale. Tweed is confident that both facilities will receive renewed licenses.

Tweed's current price structure ranges from \$6 to \$12 per gram, depending on the strain. Typically, growth time and strain yield determine whether a strain is at the low end or the high end of the spectrum. Very rare or specialty strains may be priced outside of the core costing spectrum based on seed scarcity or other market forces.

Tweed pioneered a Compassionate Pricing Promise whereby eligible low-income individuals may obtain a 20% discount off regular prices. Tweed is also licensed to offer, and may in future pursue the wholesale of product to other Licensed Producers, which would lower both operating costs as well as margins on those sales.

### **Medical Education and Outreach.**

Accessing marijuana for medical purposes has been a reality

in Canada for over a decade. However, until recently, doctors were not responsible for granting access, and permission to legally produce cannabis was overseen by the federal government. The MMPR has given doctors a key role in patient access. Every Tweed customer requires a medical document signed by a doctor, similar to a prescription.

Marijuana is unique in this regard. Doctors are typically given more guidance and a larger body of evidence before new drugs are incorporated into the healthcare system.

In order to navigate this shift, Tweed created a Medical Advisory Board to oversee the Company's medical policies. The Board is comprised of a pain specialist, a psychiatrist who specializes in PTSD treatment, two family physicians and a palliative care specialist. This diversity of expertise is a reflection of how many conditions can be treated, in part, by cannabis.

With doctors acting as a key point of access, Tweed has placed a great deal of emphasis on medical outreach and medical education activities. The Medical Outreach team ensures individual doctors and physicians receive one-on-one interaction and the Medical Education team connects thought leaders in the field with the broader healthcare community through national conferences and speaking engagements. Based on these strategies, acceptance in the medical community has been positive.

Tweed positions itself as a broker of facts between two deeply ingrained, polarized points of view: those who assume that cannabis has no medical value whatsoever and those who consider marijuana to be a sort of panacea, capable of





# 4000

**Total amount of doctor's who have prescribed as of March 2015**

*(It happens to work out to 5% of all doctors in Canada)*

curing everything from skin irritation to cancer. Nowhere is this stance more important than in our medical outreach and medical education efforts. Doctors' decisions can have serious health implications for their patients, they approach new drug therapies with caution and rely on accurate, proven information. Placebo-controlled, double blind clinical trials are the ultimate determinant of a drug's efficacy. Even though a wide body of evidence suggests cannabis is an effective treatment for many symptoms, the magnitude of existing well-designed studies has not reached critical mass. Further study is required and Tweed is an active agent of change in that regard.

Health Canada included dozens of research studies in the Healthcare Practitioners Guide they prepared to assist doctors looking to learn how to prescribe cannabis to their patients. The College of Physicians and Surgeons of Ontario also cited some of the same studies in its guidance document, Marijuana for Medical Purposes.

Preliminary guidance varies from province to province, and Tweed has made efforts to accommodate doctors requests with both procedural and systems changes to allow doctors to manage dosing as they would with traditional pharmaceuticals.

Tweed's Medical Outreach team conducted over 5000 physician visits during FY15, the majority of which were with physicians practicing in the Ontario market, which represents approximately half of the patients registered under the MMPR system. This number includes physicians who attended Tweed sessions

at conferences, Continuing Medical Education (CME) events and individual office calls by the Medical Outreach team.

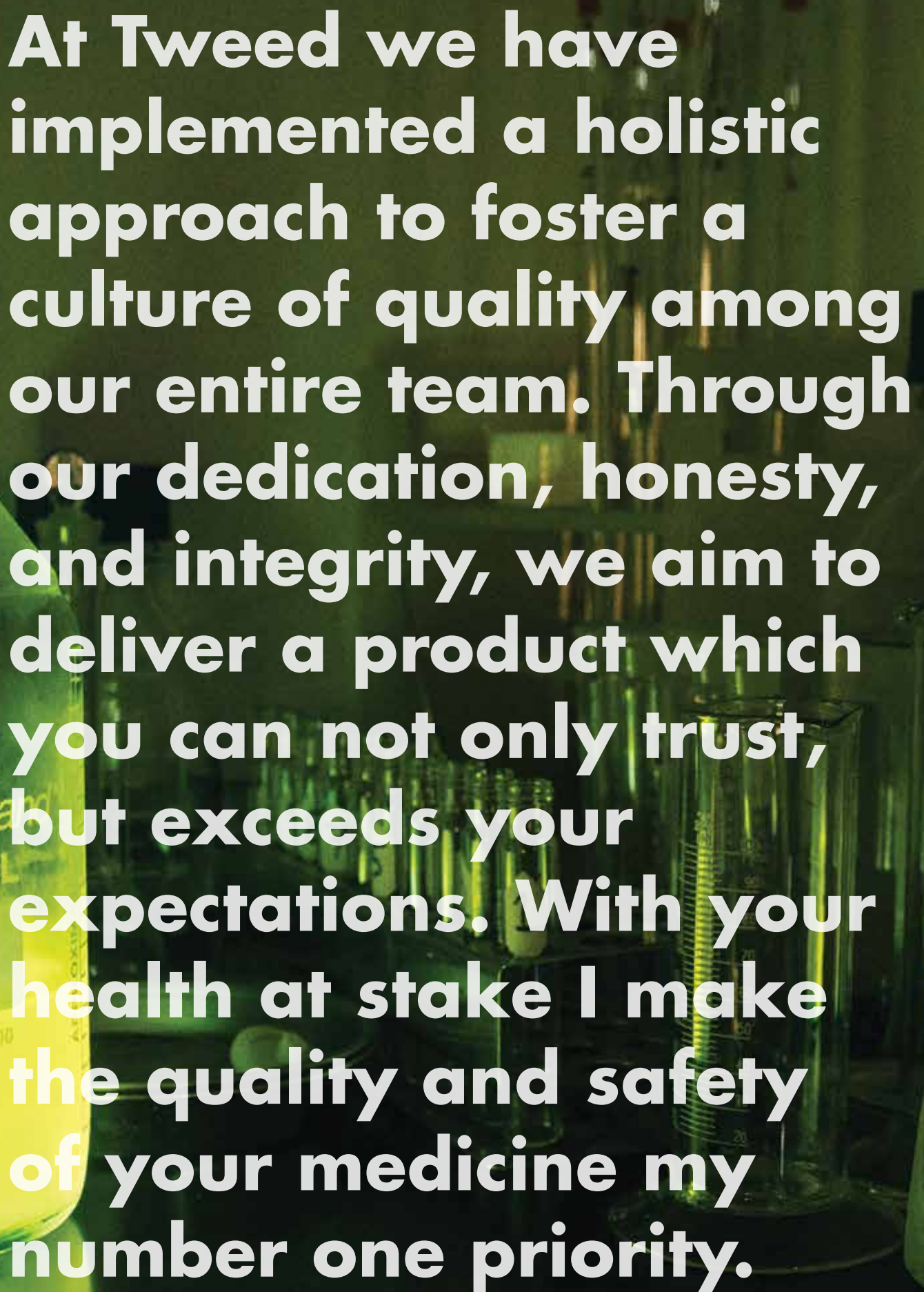
During FY15 the Medical Education team began working towards accrediting a program that could be delivered to doctors as a portion of their ongoing education obligations. Subsequent to FY15, Tweed's program received approval from the College of Family Physicians of Canada (CFPC) which now recognizes Marijuana for Medical Purposes: The Essentials for Effective Practice as "MAINPRO M1 accredited."

The M1 designation is reserved for peer-reviewed content that demonstrates a commitment to quality educational programming relevant to family physicians.

Continued engagement with the medical community through accredited educational content will increase the credibility Tweed has in the healthcare sector. Tweed will continue to be a place that doctors can confidently recommend to their patients.

## **Customer Service.**

Offering outstanding customer experiences and customer service is a key area of focus for Tweed. There are many competitors in the marketplace who to an untrained eye offer similar products at similar prices. In order to differentiate from the landscape and to maintain customer loyalty, the Company offers additional services to maintain customer satisfaction. We currently allow orders in small 5g increments to allow customers to sample products without committing to large orders, offer manual ordering services



**At Tweed we have implemented a holistic approach to foster a culture of quality among our entire team. Through our dedication, honesty, and integrity, we aim to deliver a product which you can not only trust, but exceeds your expectations. With your health at stake I make the quality and safety of your medicine my number one priority.**

*Tom Shipley, Director of Quality Assurance*

# **Our production team is in tune with the nuances of each strain, how the plants react to micro-climates and how to customize a care schedule to find the ideal balance between quality and yield. Production, while diversified, is driven by a lean manufacturing mentality that provides value to investors and customers.**

for people with limited internet access, offer a Compassionate Pricing Promise and a 20% discount to people in financial need, and work with the review site Lift to offer discounts to customers who review Tweed strains in order to build a greater patient knowledge base. Our Care Team consists of trained and compassionate experts whose mission is to provide the greatest level of support possible.

## **Research and Development.**

The medical cannabis industry is a competitive space where many companies are producing similar products. Unlike the traditional pharmaceutical industry, Tweed does not invest in R&D solely to patent new molecules and then recoup the initial investments when new innovations are patented and sold to the public.

In addition to investing in the development of new and novel products, Tweed invests resources into minimizing the costs required to grow exceptional products and explores new and innovative ways to grow marijuana. While many of the projects are kept under lock and key in order to protect sensitive competitive information, one project we have openly discussed is our aeroponics project. Get the inside scoop on the following page.

## **In-house Lab.**

During FY15, Tweed completed the construction of an in-house lab, which is approved and fully functional. As an assurance to customers, Tweed continued to use third party analysis throughout FY15 to test product before being released for sale. The Tweed lab is capable of conducting this type of analysis, but the independent results are important during the early

stages of operations as we build trust with our customers. As Tweed's technicians produce repeatable, robust and consistent results that mirror the results we receive from third parties, the Company will begin to conduct in-house evaluations and eliminate the cost of outsourcing.

Moving forward, the lab could be used to test product potency during various stages of a plants life cycle in order to refine our production practices and improve the final product. The lab is also an advantage from a competitive perspective – it allows us to conduct a variety of quality assurance tests at a fraction of the cost of outsourcing.

As global medical cannabis research evolves beyond the current focus on THC and CBD, an in-house lab will allow us to study and understand the other active components of the cannabis plant. While these ambitions will take years to materialize, this early investment positions Tweed ahead of the industry.



# R&D

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The inside scoop  
on aeroponics.

## Strong roots for the future.

In contrast to our current growing methods, aeroponics suspend the plants in air, without a growing medium like soil, with the roots contained in a closed compartment and sprayed with a nutrient-rich water solution. The system is completely

automated, supplying the roots with the nutrients they require, only when they need them.

Tweed partnered with Indoor Harvest (OTC: INQD) late in 2014 to study the viability of aeroponically grown

cannabis on an industrial scale. Aeroponic systems have been used to grow produce around the world, but the technique hasn't been applied to cannabis on a large-scale basis. The process is promising from a cost perspective because



the number of inputs and flowering time could be theoretically reduced.

The viability of aeroponics systems across broad swaths of Tweed's growing platform has yet to be proven but the team is studying

the possibilities in order to determine if the system can be incorporated into the business model.

The R&D team continues to work with Indoor Harvest to make adjustments to the pilot project system that was

custom-built in the Smiths Falls facility.

Significantly, Tweed will retain exclusive international licensing rights for any Intellectual Property resulting from the aeroponics project. Indoor Harvest will retain

exclusive licensing rights in the United States. Depending on the results of the pilot project, Tweed's licensing arrangement could generate additional revenue streams from unaffiliated cannabis producers around the world.

### **Branding and Positioning.**

In FY15, Tweed's brand emerged as the most nimble and dynamic in the industry. From the name, logo and design aesthetic to the approachable tone and light-hearted copy, Tweed is branded and positioned in a unique way. The Company's distinct feel contributed immeasurably to the exposure it received throughout the year.

There is no model for success in the medical marijuana industry. No brands exist to emulate and no cautionary tales exist to avoid. Tweed has an opportunity to set a benchmark in all aspects of branding that can create a rich customer experience and an eminence in Canadian culture.

Many industry participants have positioned themselves as pharmaceutical companies with sterile branding and imagery. Tweed chose to incorporate a sense of texture and approachability that welcomes customers and encourages an intimate relationship with the brand.

The industry is subject to change based on the evolving political climate and a number of high-profile court challenges. The Tweed brand is built with staying power, regardless of the market it serves in Canada or abroad.

Tweed also focuses heavily on social media presence as an engagement strategy. Tweed's Facebook page and Twitter profile offer users original content and design work, which has resulted in a large and active online community who are interested in Tweed and the broader medical marijuana industry.





# Tweed













# 04.

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## **Customer Sophistication.**

Every individual is unique. Each customer comes to Tweed with his or her own level of experience with marijuana. Our role is to work with customers to teach them how to differentiate between strains and learn from their experiences. We've known from the start that knowledgeable customers are better for business. They hold us to a higher standard as we strive to meet their expectations.

On May 5, 2014 Tweed made its first shipment of products to customers. At that time the Company was growing a small number of strains in one licensed growing room, which meant that inventory levels and strain diversity were limited. Customers could choose between a few strains and supply was not consistent.

As the Company expanded and was capable of producing a greater variety of strains at higher volumes, Tweed customers showed an incredible level of sophistication in their approach to selecting their medicine. Managing a waitlist to ensure that fully-registered patients had access to some form of medical cannabis has evolved through the fiscal year. We are now capable of on-boarding customers without any waiting periods and speed of registration is best-in-class, often same day.

The coming harvests will be more diverse, producing higher volumes of strains with proven market demand. Tweed finished the fiscal year focused on increasing the number of strains we have available on an ongoing basis, a paradigm shift in a period of nine months.

Licensed Producers all market their products online and ship individual orders to registered customers. Without window-shopping, impulse buys or tactile customer experiences, we have to find ways to add texture to the customer experience to differentiate ourselves from our competitors. We approach this with a unique branding voice and tone that position us in a particular way. We also focus on developing tools that put Tweed on a different level with regards to product info and creative ways to communicate it.

Late in the fiscal year the industry received notice from Health Canada that advertising the scent, taste and possible health benefit of medical marijuana was prohibited under the MMPR. For a company that operates online, without any physical interaction between product and purchaser until the transaction is made, this presented a challenge. At the same time, though the industry is still quite young, customers through this first year became increasingly informed and educated with medical marijuana, and began requesting strain lineage, breeder information and terpene content.

In response, Tweed developed a visual mapping tool that could communicate the scent and taste of each strain based

**The product provided by Tweed has changed my life. For years I suffered through the effects of PTSD and anxiety. With the wonderful care and help from Tweed, many of my symptoms are either sporadic or non-existent. For example, my nightmares and night sweats are virtually gone. And in getting a better nights sleep, I am able to be a better father in the morning.**

*Tweed Customer*

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on scientific analysis of the terpene profiles of the plant. We called the system Terpography™, a combination of the words terpene (the part of a plant that gives off aroma) and topography (a bird's eye elevation map). Tweed was the first licensed producer to study and release terpene information. Feedback indicates that this innovation enhanced the customer experience and allowed for a point of differentiation between strains.

Tweed also offers customers and doctors detailed and informative ephemera to simplify and enhance their experience with one and other and with Tweed.

Our customer materials also include tools which encourage customers to log their medical experience with various strains. Customers can then use this information to demonstrate patterns of efficacy with their doctor and demonstrate longer-term viability for cannabis use, depending on the symptoms they are treating and the effects they experience.

# 05.

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## **Diversification.**

Tweed invested in a large growing platform early to serve the diverse needs of customers managing a host of symptoms.

Having available product isn't enough anymore. Customers need continual access to a diverse range of products in order to effectively medicate with cannabis. Once an effective strain is identified, customers rightly assume that availability won't be an issue. Peace of mind is a valuable intangible. With a large, diverse growing platform Tweed customers can be confident in our ability to meet their needs.





### **Dedication to Diverse Supply.**

Tweed offers a wide variety of strains to our customers. Diversified supply is important because people are choosing cannabis to manage a variety of symptoms. Some require strains with low levels of THC and high levels of CBD, others require the opposite. Covering a broad spectrum of potencies and genetics ensures that existing and prospective customers are able to find strains that work for them. In Tweed's view it's paramount that a customer be able to explore a number of strains to find the exact ones that are right for them.

The entire industry struggled to produce adequate supply to meet initial demand when the regulations transitioned from the MMAR to the MMPR. In the first quarter of the fiscal year Tweed had no saleable product and for the majority of the second quarter the Company had to manage a waitlist to ensure existing registered customers could continue to obtain their medicine without gaps in availability.

The industry has largely recovered from this broad supply shortage but few individual producers have developed beyond a binary arrangement of being "in" or "out" of "stock." The real opportunity lies in a producer's ability to service diverse needs with consistency. In Tweed's case, we committed to this through our investment in a large growing platform that can produce large volumes of many strains on a consistent basis.

### **Diversified Production.**

In addition to a diverse selection of strains, Tweed also invested in diversified production methods in FY15. Tweed is the first dual licensed, diversified producer of marijuana in

Canada. Our company operates a large indoor facility with 12 climate-controlled growing rooms, with the capacity to add an additional 18 rooms to the Smiths Falls facility with the same state-of-the-art controls. Tweed also owns and operates a large greenhouse operation in Southwestern Ontario, Tweed Farms.

Diversifying growing platforms allows Tweed to grow a greater variety of strains. Some require a stable, constant environment free from variables and others grow better in a greenhouse environment.

Growing in a greenhouse is much more cost effective and allows Tweed to produce high-yield, low-cost products in an environmentally friendly way. Rather than using municipal water supplies, Tweed Farms can apply a filtered rain-capture system, while the natural power of the sun provides the energy that would otherwise be generated by electric lighting systems.

The indoor growing platform is ideal for strains that require climate controls that a natural environment can't provide. Precise climate controls allow the plants to grow relatively free of stress and increase potential yield while decreasing the possibility of adverse events. While the costs of operating an indoor facility are higher, there is less variability allowing for a greater spectrum of high quality medicinal products.

Diversified growing platforms offer the best of both worlds to our customers. It combines the assurance that products will always be available, while ensuring that cost savings achieved by scale can keep prices low.

# R&D

The inside scoop  
on phenotype  
selection.



## Making the cut.

Tweed is dedicated to providing a consistent product that customers can come to rely on to treat their symptoms over the long term. We have over 230 distinct seed types in our vault spanning 80 varying genetics.

The Company decided to purchase multiple versions of some strains because the classification system has been mismanaged by the black market. Some strains, though sold under the same nomenclature, produced vastly different products

when grown. This scenario is undesirable for customers who are already asked to use some form of trial and error to find the strain that works for them.

As a result, Tweed has started an ambitious phenotype





selection process to identify the best genetic versions of each strain. This process takes a number of generations to complete as clones are selected for positive traits and replanted to create a new generation with the same DNA.

Cannabis has been used to treat medical conditions for over a thousand years and recreationally for just as long. Black-market operations have achieved incredible success cross-breeding and stabilizing strains, generally selecting the most potent plants for

breeding. More potent strains aren't necessarily the best medical strains, so Tweed has focused efforts on stabilizing all of our genetics for long-term consistency.

In the near future Tweed strains will be genetically

identical every time they are grown. Doctors and patients will be able to manage symptoms easier when variables are removed and consistent dosing and cannabinoid content can be tracked over the long term.



# 06.

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## Capital Markets.

Earning investor confidence in an unchartered industry could only be accomplished by demonstrating a clear path to prosperity. By taking the Company public Tweed was able to increase exposure and attract additional investor interest. This cycle of disclosure and exposure has positioned Tweed as a market leader.

Tweed proudly became the first publicly traded, federally regulated medical marijuana company in North America in April 2014 and began trading on the TSX Venture Exchange with the ticker symbol TWD.

The listing was well received by the market, with over 45 million units of stock changing hands during the first two weeks of trading and more than \$250 million worth of stock traded during the first calendar year.

With almost \$100 million in market capitalization and under \$3 million in reported sales, the market has shown confidence in Tweed. The Company is now focused on meeting and exceeding the market's expectations by expanding operations and building the largest growing platform in the industry.

Tweed secured more than \$45 million in equity financing in FY15, more than any other publicly traded company in the sector, demonstrating the heightened level of confidence the financial community has in Tweed, our operations, and business strategies. This equity allowed Tweed to complete the initial build out at Tweed Farms and increased the Company's ability to produce high quality, low cost cannabis. The second phase of construction is underway at Tweed Farms and will take the facility to peak capacity.

**TWD.V**

**FIRST PUBLICLY TRADED FEDERALLY  
REGULATED MARIJUANA COMPANY IN  
NORTH AMERICA.**



**FIRST LICENSED PRODUCER WITH  
DIVERSIFIED GROWING.**

**\$100M**

**FIRST LICENSED PRODUCER WITH  
\$100 MILLION MARKET CAP.**



**FIRST LICENSED PRODUCER WITH  
DUAL LICENSES.**



**FIRST LICENSED PRODUCER TO TRADE  
\$250 MILLION IN SHARES IN A QUARTER.**

*Sold!*

**FIRST LICENSED PRODUCER TO SECURE  
BOUGHT DEAL FINANCING.**



**We spend all day tending to these plants. It's gratifying work, the quality controls lead to quality of life for Tweed customers.**



# 07.

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## Outreach.

This year Tweed combined local and targeted national outreach initiatives to support its communities.

Tweed has received tremendous support from the residents and council of Smiths Falls, Ontario. As one of the largest employers in the region, the Company feels an obligation to reflect that support back into the community.

Tweed also provided support to the healthcare sector in FY15 through grants to national NGOs for educational programs to enhance the understanding of marijuana in specific patient groups.



In 2008 the Town of Smiths Falls, like many small towns in Canada, experienced an economic downturn when the principal employer began to outsource its manufacturing to a different country. Tweed now operates in the facility they vacated, reinvigorating the local economy with new jobs and other economic benefits.

Even as a new company in an unproven, unconventional industry Tweed has always been welcomed by the residents and town council. Tweed is committed to Smiths Falls and the surrounding area and contributes to the local community and economy whenever possible.

Tweed also sponsors a number of community initiatives aimed at promoting healthy and active lifestyles. The Company is a title sponsor of the Smiths Falls Classic Triathlon and the Rideau Paddfest and financially supports a number of other events in the region.

In FY15 Tweed provided the Canadian Aids Society (CAS) with an unrestricted grant to develop a series of educational webinars for people living with HIV and AIDS. The 3-part bilingual webinar series taught people how to get access to medical marijuana, the law, and the science of treating HIV and AIDS symptoms with marijuana. The three webinars have been delivered nationally.

Providing funding to CAS enhances the overall reach of Tweed's brand. More importantly, it enhances the understanding of medical marijuana among Canadians who could benefit from its use. Strategic partnerships such as this are important for Tweed and for the entire medical marijuana industry.

Tweed also partnered with Lift in FY15, a full-service online cannabis community. Lift created a loyalty point system for Tweed customers that are earned by reviewing Tweed strains. Regardless of the overall satisfaction level, a Tweed customer receives points if they provide detailed reviews that other customers can use to make educated decisions. Thanks to this partnership, Tweed has simultaneously increased the Company's online visibility and created a loyalty program that customers can use to get discounts on future orders.





## Growing under the sun.

Tweed Farms is located on a 20-acre property in Southwestern Ontario. The Company acquired the property in June 2014 to increase Tweed's production capacity and diversify its growing methods by adding greenhouse-grown products. The

first phase of construction prepared approximately 10%, or 34,000 sq. ft. of production space. Health Canada has approved the first phase of construction and indicated that 11,500 marijuana plants may be cultivated at the site at a given time. Construction

on the additional 316,000 sq. ft. will be completed in 2015 and will include a separate 24,000 sq. ft. processing and storage facility.

The sheer scale of the greenhouse will position Tweed ahead of every licensed





producer in Canada. Tweed Farms can grow quality cannabis with far less overhead, drastically reducing the production costs of each gram.

Subsequent to the fiscal year, Health Canada informed Tweed that the

MMPR regulations would be amended to allow the sale of cannabis extractions and fresh marijuana flowers. The volume of product grown at Tweed Farms will supply an expanding medical market with diverse products in an evolving marketplace, fulfill-

ing the vision of immense potential for a large-scale greenhouse facility complementing Tweed's original state-of-the-art indoor facility.



# 08.

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## **Our Ambitions.**

The primary objective of an annual review is reflective, examining the year that was. At Tweed we also want to discuss the ambition of our business within this industry and the strategic direction the company may potentially pursue in the short term.

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## A structure for the future.

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### TWEED MARIJUANA INC.



### Continuing as the voice of the industry.

The advertising restrictions Tweed faces make promotion and brand awareness challenging. That challenge can be met by effectively contributing to the policy and social dialogue surrounding the marijuana industry.

Tweed has demonstrated an ongoing ability to attract media attention on the regional, provincial, national and international levels. This strategy will continue beyond the initial phase of newsworthiness opening a marijuana company in a former chocolate factory afforded us. Being a marijuana company is no longer news, the next phase of media engagement will require earned media.

By continuing to position the Company ahead of the industry curve, Tweed will continue to earn media coverage and enhance our reputation as the voice of the medical marijuana industry.

Canadians require additional exposure to the industry and how they can access it. Tweed has had strong customer engagement on social and traditional media and will continue to pursue these communications objectives to increase Tweed's voice and brand in the Canadian zeitgeist.

### Consolidation.

Tweed Farms marked the first official acquisition for Tweed Marijuana Incorporated. The Company entered a definitive agreement to make a significant acquisition subsequent to

FY15 by announcing the intention to complete an all-stock purchase of Bedrocan Canada.

Bedrocan Canada is known for medical research, intellectual property, and innovative production techniques that produce standardized potencies.

Their brand is the ideal bookend to Tweed's brand, creating unmatched horizontal alignment in the industry. Many consumers will prefer one brand or the other, and with the completion of the acquisition, scheduled for August 2015, customers will get access to both when they choose either.

Future consolidation may occur depending on the market conditions and the opportunities that are presented by evolving regulatory frameworks. Tweed is positioned to pursue future mergers and acquisitions through capital or equity financing. The industry will continue to consolidate in the coming years and Tweed will be a responsible, active participant when the results benefit our investors and customers.

### New Offerings.

The industry is moving at an exciting pace, and maintaining a leadership position in the market requires a nimble mindset coupled with foresight and leadership from senior management. This environment fosters growth, and it also means that events subsequent to any given fiscal period are inevitably tied to the efforts and corporate strategies of the period.

For example, Tweed, and the entire MMPR industry, was informed subsequent to FY15 that Licensed Producers would be allowed to apply to supply cannabis oils and fresh marijuana to patients who prefer a non-dried product. This is a major step forward in patient and doctor choice, and presents a new opportunity to produce extracts and oils from cannabis which Tweed is well-positioned to capitalize on. The business is scaling quickly and is capable of generating enough plant matter to meet the needs of customers who may prefer oils to dried flowers.

The medical community will welcome this shift in delivery mechanism because it mirrors their existing prescription practices. Dosages will be more precise and ingestion will be more familiar to them and their patients. In short, this is a game-changing opportunity for Tweed.

### **Profitability and Growth.**

Tweed has demonstrated a pattern of steady growth for each operational quarter in FY15 and a trend of improved profit margins during that time. The costs associated with running the business have exceeded revenue for each quarter to date as the Company invests in a large scale growing platform and the professional expertise required to develop a market-leading firm.

As more and more customers choose Tweed, the Company expects to transition to profitability and provide a return on investment for shareholders. Tweed has captured market share through a mixture of marketing, strategic partnerships and medical outreach activities. Attracting and retaining a large percentage of the market will require constant innovation and vision. The Company is dedicated to making strategic investments to attract customers and build their loyalty over the long term.

The Company is focused on steady growth and capacity enhancements. In the coming 18-24 month period Tweed will focus on increasing market share by attracting and retaining customers and funding medical research to enhance our reputation in the medical community and improve the knowledge base surrounding marijuana for medical purposes.

Capacity growth will come from maximizing Tweed's existing facilities and focusing on acquisitions in order to diversify

positioning in the eyes of doctors and customers. The leadership team at Tweed is confident the Company is positioned for growth. Tweed has earned the confidence of medical professionals and customers by offering quality products at competitive prices, making it an early market leader. Tweed offers a unique opportunity to investors as the medical applications of cannabis gain acceptance in mainstream society.

### **A Global Brand for the Future.**

This is the first and potentially the last annual review for Tweed Marijuana Inc. (TMI) The Company is entering an era of expansion, through acquisition but also through global market exploration. In the future TMI may transition from a parent company with two licensed subsidiaries to a multinational holding company operating a number of brands in a number of countries around the world.

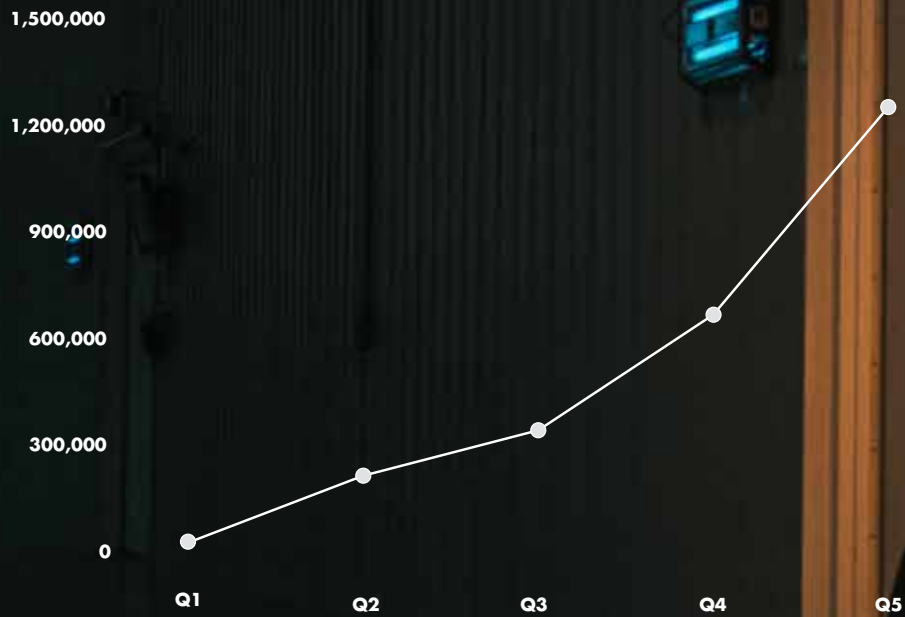
The initial year of public operations was dedicated to building a foundation rooted in the Canadian market regulated by the MMPR. Other countries are looking at Canada as the global leader in medical cannabis policy. Canada is the best incubator for a global cannabis company because Canadian regulations have been designed with scalability and distribution in mind.

In the years to come Tweed will continue to improve the quality of lives of people who choose to medicate with cannabis. Our commitment to customers is based on unmatched quality and service, reminiscent of the durability and dependability of Tweed. Retaining customers through a commitment to quality and growing the market through education and awareness will pave a road to profitability.

Whether you've invested in Tweed or have chosen Tweed as a trusted supplier of medical marijuana, the Company would not exist without you.



## A pattern of growth.



● REVENUE

# 09.

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## Financial Highlights.

*True*

*Tweed*



## Unaudited condensed consolidated statements of financial position as at March 31, 2015 and December 31, 2013

In Canadian Dollars

	March 31, 2015	December 31, 2013
<b>Assets</b>	\$	\$
Current assets		
Cash and cash equivalents	21,445,821	2,089,794
Biological assets	2,027,874	-
Inventory	4,355,498	-
Other current assets	1,546,670	1,012,391
	29,375,863	3,102,185
Long-term assets	18,398,636	2,051,254
	47,774,499	5,153,439
<b>Liabilities</b>		
Current liabilities	4,525,315	1,285,161
Long-term debt and other long-term liabilities	1,839,786	35,099
<b>Shareholders' equity</b>	41,409,398	3,833,179
	47,774,499	5,153,439

These unaudited condensed consolidated financial information is based on the audited consolidated financial statements of Tweed Marijuana Inc. for the fiscal years ended March 31, 2015 and December 31, 2013, which are available on [www.sedar.com](http://www.sedar.com), along with the related Management's Discussion and Analysis.

TMI received approval from the Canada Revenue Agency (CRA) to revise its year-end to March 31st in its inaugural operating year to align the year-end of TMI with its subsidiaries, Tweed Inc. and Tweed Farms Inc., resulting in a 15-month fiscal year.

**Unedited condensed consolidated statements of comprehensive loss for the fifteen-month period ended March 31, 2015 and the year ended December 31, 2013**

*In Canadian Dollars*

	March 31, 2015 <i>(15 Months)</i>	December 31, 2013 <i>(12 Months)</i>
	\$	\$
Sales	2,371,351	-
Cost of sales (recovery)	(454,853)	-
Gross margin	2,826,204	-
Operating expenses	11,031,929	931,657
Loss from operations	(8,205,725)	(931,657)
Other income (expenses)	50,806	(1,268)
Reverse acquisition transaction costs	(225,239)	-
Listing expense	(966,303)	-
<b>Net loss and comprehensive loss</b>	<b>(9,346,461)</b>	<b>(932,925)</b>
Net loss per share, basic and diluted:	(0.29)	(15.77)
Weighted average number of outstanding common shares:		
Basic and diluted	32,181,868	59,156

*These unaudited condensed consolidated financial information is based on the audited consolidated financial statements of Tweed Marijuana Inc. for the fiscal years ended March 31, 2015 and December 31, 2013, which are available on [www.sedar.com](http://www.sedar.com), along with the related Management's Discussion and Analysis.*

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## Unaudited condensed consolidated statements of cash flows for the fifteen-month period ended March 31, 2015 and the year ended December 31, 2013

In Canadian Dollars

	March 31, 2015 (15 Months)	December 31, 2013 (12 Months)
	\$	\$
Net inflow (outflow) of cash related to the following activities:		
<b>Operating activities</b>	(10,892,150)	(1,381,615)
<b>Financing activities</b>	45,633,459	4,532,440
<b>Investing activities</b>	(15,385,551)	(1,060,861)
Net cash inflow	19,355,757	2,089,964
Cash and cash equivalents, beginning of period	2,090,064	100
Cash and cash equivalents, end of period	21,445,821	2,090,064

*These unaudited condensed consolidated financial information is based on the audited consolidated financial statements of Tweed Marijuana Inc. for the fiscal years ended March 31, 2015 and December 31, 2013, which are available on [www.sedar.com](http://www.sedar.com), along with the related Management's Discussion and Analysis.*

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*This document contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans,” “expects” or “does not expect,” “is expected,” “estimates,” “intends,” “anticipates” or “does not anticipate,” or “believes,” or variations of such words and phrases or state that certain actions, events or results “may,” “could,” “would,” “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Tweed Marijuana Inc. or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such forward-looking statements are based on a number of assumptions, which may prove to be incorrect. Although Tweed Marijuana Inc. has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Readers should not place undue reliance on forward-looking statements.*



**Here's to future growth.**

*Tweed*

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