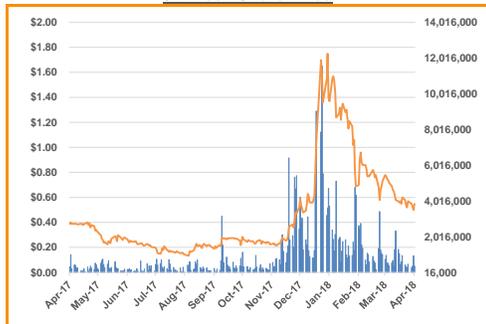


Price (as of May 30, 2018):	CAD \$0.50
Beta:	3.82
Price/Book:	11.90
Debt/Equity Ratio:	N/A
Listed Exchange:	CSE, OTCQX

52-Week Share Price



Source: Yahoo! finance (CAD)

Recent News

24-May-18: Future Farm's NexTech AR Solutions acquires exclusive license to education training platform accelerating its launch.

22-May-18: The Company hired consultants for Florida application to cultivate cannabis.

15-May-18: Completed Phase I of CBD Hemp Cultivation Operations in Maine and begins Phase II.

11-May-18: The Company sold its 10% of its Arizona medical marijuana cultivation and processing management to Solik Tek (OTCQB:SLTK) for 500,000 warrants exercisable at \$0.01 per share.

03-May-18: Acquired 10% of Arizona medical marijuana cultivation and processing management company.

02-May-18: Signed MOU to cultivate Marijuana in Puerto Rico.

25-Apr-18: Future Farm & TCG Investments begin construction on first two of five Puerto Rico Medical Marijuana dispensaries.

17-Apr-18: Future Farm's strategic partner BCWC, LLC was selected as one of 20 applicants to receive Priority Certification by the Massachusetts Cannabis Control Commission.

Common shares outstanding:	112.25 million
Fully diluted shares outstanding:	133.99 million
Market Cap:	CAD \$56.13 million
52 Week High:	CAD \$2.08
52 Week Low:	CAD \$0.13

Note: All \$ symbol represents Canadian Dollars (CAD), unless otherwise specified.

Strategically Diverse Cannabis & Produce Player

Future Farm Technologies Inc., (CSE: FFT, OTCQX: FFRMF) ("Future Farm" or "the Company") is a Vancouver based company engaged in agricultural activities with the use of cutting-edge technologies. The Company has a diverse vertically integrated portfolio of agriculture, light-emitting diode (LED) lightings, cannabis oil extraction, cannabis dispensaries, and technology including Augmented Reality (AR) and cryptocurrency. The Company, with its patented vertical farming/Controlled Environment Agriculture (CEA) technology, cultivates cannabis, hemp and produce/ornamental plants. The Company has successfully integrated technology with agriculture at its cannabis oil extraction facility by using its closed-loop extraction system. Due to this technology, Future Farm now generates revenues from cannabis oil sales. The Company also successfully manufactures and sells LED lightings through its online portals for agriculture and retail purposes and generates revenues from this division as well. Lastly, Future Farm continues to form partnerships with and invest in licensed cannabis operators to strategically position itself in the growing cannabis industry.

Investment Rationale

Well-defined technology strategies should support Future Farm's growth

Future Farm, by implementing CEA and through its cannabis oil extraction division, has already successfully stayed at the forefront of technology and agriculture. The Company tapped into pioneering technologies of AR and cryptocurrency through recent agreements. On September 28, 2017, Future Farm signed an exclusive license agreement with AR E1, LLC ("ARE1") to use ARE1's patented technology to build AR technology in the cannabis space. The Company plans to use AR to provide its consumers an uninterrupted shopping experience in its medical marijuana dispensaries and at home. The Company has since decided to spin off this AR division into a separate company named NexTech AR Solutions. Further, on January 19, 2018, the Company acquired a 51% interest in New England CSS's FlipCoin cryptocurrency application and Point of Sale (POS). The Company plans to use FlipCoin in its medical cannabis dispensaries to accept various cryptocurrencies as payment.

Diversified portfolio expansion should boost revenues

Future Farm has already established a strong foothold in the medical cannabis and oil extraction market. The Company has also expanded its reach in the cannabis market by acquiring farms and oil extraction facilities. In March 2018, the Company entered into a convertible note with Bristol County Wellness Centers, Inc.'s licensed cannabis operations and dispensary in Attleboro, Massachusetts. Earlier, on December 05, 2017, the Company acquired a 15,000 square foot building in Providence, Rhode Island to grow cannabis. The Company's existing oil extraction facility in Huntington Park, California generates revenue through the sale of cannabis oil. Further, the Company plans to cultivate fresh food with its CEA technology in Baltimore, MD and Mobile, AL. Future Farm has recently entered the hemp industry by successfully acquiring two farms and leasing a facility to cultivate industrial hemp and extract cannabidiol oil. On February 15, 2018, Future Farm received three licenses from the State of Maine to grow industrial hemp.

Qualified and strong management team

Mr. William Gildea, the Chairman and Chief Executive Officer (CEO), leads Future Farm's management team. He has more than 20 years of experience in spearheading several environmental projects and businesses. Mr. John Sweeny is the Chief Operating Officer (COO) and Chairman of the Advisory Board with over 16 years of expertise in Current Good Manufacturing Practices. He has held several senior-level positions in medical companies, namely Genzyme, Wyeth, Pfizer and Tilary (a Canada-based medical cannabis company). Mr. Scott McDermind is the Director and Manager of the Company's LED Canada business division. He has more than 20 years of expertise in real estate management and land development.

Accelerating cannabis legalization should support market growth

Growing support for cannabis usage, due to its medical significance, has driven rapid legalization. Currently, medical marijuana usage has already been legalized in 29 US states. According to a survey by Gallup in 2017, approximately 64% of the Americans supported the legalization of marijuana (both for medical and recreational usage) compared to only 12% in the first Gallup survey conducted in 1969. Such favorable trends support future legalization and cannabis market growth. According to GreenWave Advisors (a cannabis research and analysis company), the California marijuana market is projected to reach US\$5.1 billion by 2018, which is expected to be world’s largest recreational marijuana market. Further, the cannabis market in Florida is also growing at a significant pace. Arcview research (an independent market research firm) projects the Florida cannabis market to grow at a 140% CAGR to reach US\$1.6 billion by 2020 from 2016 levels. In addition, more US states are expected to legalize cannabis on account of drug approval by the FDA (Food and Drug Administration). Recently, Epidiolex, a cannabis-based drug received FDA approval and is expected to hit markets in the second half of 2018 or early 2019. The Hemp Journal estimates the Epidiolex market to reach US\$120 million by 2020. Cannabis legalization and FDA approvals should drive the US retail cannabis sales to reach US\$24.08 billion by 2025 from US\$6.65 billion in 2016 at a 16% CAGR.

Growing LED demand from industrial segments including horticulture should help LED division growth

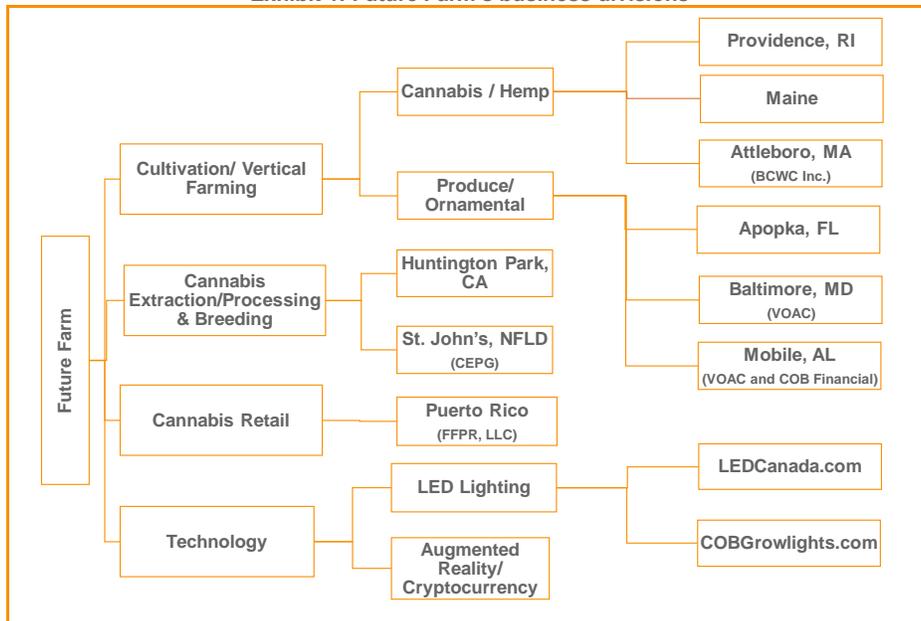
LED’s industrial applications are growing due to its significant advantages (high-energy efficiency, longer lifetime, and lower greenhouse gas emissions) over conventional solid-state lighting technologies, such as compact fluorescent lamps, halogen lamps and incandescent lamps. LEDs are known to consume only one-fifth of the power of incandescent lamps. LED prices have also fallen due to ongoing technological advancements. Such favorable factors have increased LED demand from various segments including general lighting, smart lighting, automotive lighting and horticulture lighting. According to LEDinside, a market intelligence provider, global LED lighting penetration is projected to reach 63% in 2022 from 22% in 2017. LED demand from the smart lighting market is estimated to grow at a 42.82% CAGR between 2017 and 2020 to reach US\$13.4 billion, mainly due to the development of smart cities. More importantly, the horticulture LED market, estimated at US\$ 356 million in 2017, is growing significantly due to the widespread adoption of vertical farming technologies. Vertical farming is also forecast to grow at a 23.6% CAGR to reach US\$6.4 billion by 2023, which should boost LED demand.

Company Overview

Business

Future Farm has four main business divisions, 1) Cultivation/Vertical Farming, 2) Cannabis Extraction/Processing and Breeding, 3) Cannabis Retail and 4) Technology (as seen in Exhibit 1). In the Cultivation/Vertical Farming division, the Company produces (and plans to produce) cannabis, hemp and ornamental plants at its farms located in Rhode Island, Maine, Massachusetts, Florida, Maryland, and Alabama. In the Cannabis Extraction/Processing and Breeding division, the Company extracts cannabis oil at its facilities located in California, USA and is setting up a research facility in Newfoundland, Canada. In the Cannabis Retail division, the Company will sell medical marijuana through its cannabis dispensaries being built in Puerto Rico. In the Technology division, Future Farm manufactures and sells LED lights through its online portals www.LEDCanada.com and www.COBGrowLights.com for agriculture, commercial and retail usage. The Technology division currently also includes Augmented Reality (AR) and cryptocurrency (FlipCoin) to facilitate the purchase of legal medical cannabis by its customers.

Exhibit 1: Future Farm’s business divisions



Source: Future Farm Investor Presentation

We now present recent updates of each business division of the Company in detail.

1) Cultivation/Vertical Farming Technology Division

Future Farm has successfully secured a worldwide license to use or license its vertical farming or Controlled Environment Agriculture (CEA) technology. *(Please refer to RBMG's previous report dated September 06, 2017, for further details on Vertical Farming/CEA technology).* Currently, the Company produces cannabis, hemp, and fresh foods. Using CEA, the Company has already established itself in the cannabis industry and is now tapping the hemp and Cannabidiol (CBD) markets. Following are the recent developments in the Company's Cultivation/Vertical Farming Technology Division.

Cannabis Farms

Providence, Rhode Island- On December 05, 2017, the Company acquired a 15,000 square foot building in Providence, Rhode Island. This building is located in a M-1 zone, which allows cultivation of cannabis legally. On April 05, 2018, the Company completed Phase I of demolition activity, which allows the Company to develop the facility and commence cultivation in the near future. Further, the Company received a Letter of Intent (LOI) from a licensed local cannabis cultivator to lease the facility to cultivate and supply licensed medical marijuana to Rhode Island's legal dispensaries. For this purpose, the Lessee had already begun the preliminary work preparing the building for the next phase of development. The Lessee has engaged two engineering and design companies, ZDS Inc. and Creative Environment Corp., to start engineering and architectural work. The Company expects to complete Phase II development of the facility by mid to late April 2018 (update to be announced).

Attleboro, Massachusetts- On March 20, 2018, Future Farm entered into a convertible note with in Bristol County Wellness Centers, Inc. (BCWC). BCWC has a licensed operation and dispensary in Attleboro, Massachusetts. Recently, BCWC was given a special permit to build and operate a licensed 24,700 square foot Registered Marijuana Dispensary (RMD), which would grow and sell medical marijuana. The construction of the RMD is expected to commence in 2Q18 and revenue is expected to be generated by 4Q18.

Puerto Rico- On May 2, 2018, Future Farm entered into a Memorandum of Understanding ("MOU") with KOM-Agro Management Services, LLC ("KOM-Agro") to jointly develop, construct, equip and operate a business enterprise of breeding, cultivating, processing and selling of medical cannabis within the territory of Puerto Rico. Under the MOU, Future Farm and KOM-Agro will be co-owners of Natural Health Solutions, LLC ("NHS"), a limited liability company organized and existing under the laws of Puerto Rico. NHS was previously granted a Pre-Qualification of License Approval for the construction, development and operation of an "Establishment for Medical Cannabis for Cultivation" in excess of 20,001 sq.ft. of area.

We now provide details of Future Farm's newly acquired hemp farms.

Hemp Farms

Future Farm has three hemp projects in Maine, USA, through which the Company plans to establish a leading position in the growing hemp and Cannabidiol (CBD) industry. Future Farm Maine, LLC, the Company's majority-owned subsidiary, has received licenses from the State of Maine for two farms and one building to grow industrial hemp.

Amity - On October 19, 2017, the Company acquired a 120-acre licensed hemp farm in Amity, Maine from Cannatech LLC. This farm has recently finished harvesting and is now preparing for high-grade cannabidiol oil or CBD hemp oil products. The Company expects to harvest about 1,700 plants per acre, which would return about 10 kilos of CBD distillate per acre. The Company estimates to generate annual revenue of \$10.8 million in this 120-acre farm. Future Farm's Amity hemp farm is the largest operating hemp farm in Maine.

Hersey - On December 21, 2017, the Company entered into a lease agreement for 100-acres in Hersey, Maine, and has an option to lease up to an additional 1,000-acres from the landlord. The land is organic and so all activity, equipment, practices and applications must follow the Organic Guidelines set forth by MOFGA (Maine Organic Farmers and Gardeners Association). If the Company successfully acquires the additional 1,000 acres, Future Farm would have the largest hemp farm in North East Maine.

Belfast - On January 30, 2018, Future Farm entered into a lease agreement for an initial 12,960 square feet in a 60,000 square-foot building space, with the option to expand or buy the building. The facility will be used to cultivate and process CBD oil from hemp. On March 29, 2018, the Company commenced preparations for the propagation of 200,000 hemp seedlings. Once the seedlings are hearty enough for transport, they will be planted at the Company's hemp farms at Amity and Hersey prior to June 15, 2018.

We now provide updates on the Company's produce/ornamental farms.

Produce/Ornamental farms

On January 4, 2018, Future Farm acquired an operating nursery business in Apopka, Florida. The Company plans to apply for a license to cultivate cannabis at this location. Future Farm, with its partner CBO Financial, continues to develop produce farms in Baltimore, MD and Mobile, AL.

Apopka, Florida - On January 5, 2018, the Company acquired a 10-acre greenhouse located in Apopka, Florida. The Company estimated that this operating greenhouse generated a revenue of US\$2.8 million and EBITDA of US\$400,000 for 2017. Further, the Company expects to generate about US\$3 million revenue from this Florida farm in 2018. The Company also plans to use its CEA technology to increase the output of ornamental plants. The Company is also planning to obtain additional licenses to cultivate and extract cannabis. Exhibit 2 shows the Company's Apopka, Florida project site.

Exhibit 2: Future Farm's Apopka, Florida greenhouse



Source: Future Farm Investor Presentation

Baltimore, Maryland - On August 24, 2017, the Company signed a Letter of Intent (LOI) to lease an additional 25,000 square foot of commercial space from Volunteers of America Chesapeake (VOAC), one of the largest non-profit organizations for human services. The Company has now a total of 50,000 square feet to cultivate fresh foods by utilizing CEA and LED technology.

Mobile, Alabama - On September 08, 2017, Future Farm collaborated with VOAC and COB Financial to develop a new 21,000-sqft facility in Mobile, Alabama. Currently, the Company is in the process of finalizing the design and budget for the facility. The facility consists of 21,123 square feet under a roof and 2.71 acres of land. This facility, like the Baltimore facility, would produce fresh food by utilizing CEA technology.

We now present updates in the Company's Cannabis extraction/processing and breeding division in detail.

2) Cannabis Extraction/Processing and Breeding Division

The Company has two facilities in this division; one is located in California, USA and the other in Newfoundland, Canada. The Company uses a closed-loop extraction technology (patent pending) to extract cannabis oil as seen in Exhibit 3 (*Please refer to RBMG's previous report dated September 06, 2017, for further details of the technology*). This technology minimizes the Company's labor and maintenance requirements. On November 26, 2017, the Company entered into a 50/50 joint venture with Rahan Meristem Ltd., ("Rahan"), an agro-biotechnology company. This joint venture would own, develop and utilize Rahan's proven and proprietary technology to grow elite clones of hemp and cannabis for medical purposes.

Exhibit 3: Future Farm's closed-looped extraction system



Source: Future Farm Investor Presentation

Huntington Park, California - On October 04, 2017, the Company sold about 3,525 grams of crude cannabis oil derived from the Huntington Park, California, oil extraction facility to a large distributor.

St John's, Newfoundland - On March 22, 2018, Future Farm signed a Letter of Intent (LOI) with CEPG Consulting and Design Inc. ("CEPG") to acquire a 50% stake in CEPG's St. John's oil extraction facility. The Company plans to cultivate elite cannabis strains with the help of Rahan's proven and proprietary technology in this facility. CEPG plans to apply for a cannabis dealer's license, after which the cultivation process would begin. The Company plans to commence buildout of the facility. Future Farm would also begin construction of a new 6,000 square feet laboratory space.

We now present the newly added cannabis retail division in detail.

3) Cannabis Retail Division

Future Farm is in a joint-venture partnership, which will build up to five medical marijuana dispensaries in Puerto Rico.

In Puerto Rico, medical marijuana is legal for the treatment of Alzheimer's, Parkinson's, cancer, rheumatoid arthritis, epilepsy, etc. On October 06, 2017, the government of Puerto Rico allowed patients to purchase marijuana from any clinic regardless of the medical marijuana dispensary they have been assigned to. The government has also approved a provision to the dispensaries, wherein they can sell marijuana to patients or travelers to the island, as long as they hold a medical marijuana card from their home state. Such opportunities in Puerto Rico should help the Company to generate higher cash flow in the future.

On October 26, 2017, the Company announced a joint venture with TCG Investments, LLC (owners of the Clinica Verde brand of medical cannabis dispensaries in Puerto Rico), to purchase five pre-qualifications of medical marijuana dispensaries. On February 08, 2018, Future Farm purchased a 40% ownership interest and a 50% economic interest in FFPR, LLC's (a Puerto Rico-based Limited Liability Company) five pre-qualified medical marijuana dispensaries. All will be operated under the brand name Clinica Verde. On March 07, 2018, Future Farm signed a lease for one of its medical marijuana dispensaries in Puerto Rico. The dispensary is located in the Condado section of San Juan, one of Puerto Rico's most highly trafficked areas. On April 25, 2018, the JV hired Custom Group, an experienced Puerto Rico-based contracting firm, to lead the construction on two of the five dispensaries located in the densely populated municipalities of Humacao and Condado districts of San Juan. One of Clinica Verde's Humacao dispensaries was previously fully functional with consistent monthly sales gains, but it was severely damaged by Hurricane Maria. Therefore, Custom Group will be responsible for that redevelopment and then the JV expects recommencement of service to patients by mid-June.

As mentioned above in the Cultivation/Vertical Farming Division summary, on May 02, 2018, the Company announced that it has entered into a MOU with KOM-Agro Management Services to jointly develop, construct, equip and operate a business enterprise of breeding, cultivation, processing and selling of medical cannabis within Puerto Rico under the name Natural Health Solutions, LLC.

Future Farm expects that FFPR will identify and sign leases on the rest of its medical marijuana dispensaries over the next few months. Through these collaborations, the Company has tapped into a new business (medical marijuana dispensaries), and also expanded Future Farm's geographical reach to Puerto Rico.

We now present updates in the technology division, including the recently-added AR and cryptocurrency transactions.

4) Technology Division

Future Farm's technology division includes its LED business, Augmented Reality and Cryptocurrency. The Company is already generating revenue from its LED business through its online portals, www.LEDCanada.com and www.COBGrowLight.com.

LED Lighting and Growing Supplies - The Company plans to use LED lighting and growing supplies in its own and third-party farms whenever possible. In December 2017, sales of LED Canada's Scorpion X9 and X5 cannabis LED grow lights were up 85%. In addition, Puget Sound Power, a Washington-based energy utility provider ("Puget"), plans to sign LED Canada's Scorpion X9 and X5 for its rebate program. Through this rebate program, a legal cannabis grower can save as much as 50% of its energy bill. This, in turn, could create a significant demand for LED Canada's Scorpion X9 and X5 LED lights. Further, Future Farm's LED Canada division would be providing LED lightings to a large distributor to distribute LED Canada's Scorpion Grow Lights. LED Canada has also collaborated with a large forest company to provide LED lightings to all of their facilities. In addition, LED Canada has successfully tested LED lights for the Company's Mobile (Alabama) produce farm, which would require about 9,000 eight feet LED lamps. Exhibit 4 shows the GrowthStar Scorpion X9 and X5 respectively sold on LEDCanada.com. (Please refer to RBMG's previous report dated September 06, 2017, for further details of the Company's LED division).

Exhibit 4: GrowthStar Scorpion X9 and X5



Source: Future Farm Investor Presentation

Augmented Reality - On September 28, 2017, Future Farm signed a license agreement with AR E1, ("ARE1") LLC to develop and use ARE1's patented Augmented Reality (AR) technology in the cannabis industry. The Company acquired the technology to facilitate the purchase of cannabis through AR. Given the potential wide-spread uses of AR, on December 07, 2017 the Company engaged RWE Growth Partners, a financial advisory company, to prepare a valuation and fairness opinion to spin off the AR division, to maximize shareholder value with respect to AR in the cannabis industry. On April 03, 2018, the Company announced that it would spin off the AR division to a newly formed company called NexTech AR Solutions ("NexTech"). NexTech has also secured an exclusive, five-year license to the eLearning education and training platform developed and offered by edCetera Training Inc., with the option to buy edCetera for the next twelve months. NexTech closed on an oversubscribed private placement of \$2.7 million for listing on the Canadian Securities Exchange (CSE) and US OTC Market (OTCBB). Future Farm expects the NexTech spinoff to be announced and to commence trading in June 2018.

Cryptocurrency - On January 19, 2018, the Company acquired a 51% stake in New England CCS's FlipCoin, a cryptocurrency application and Point of Sale (POS) platform. The Company plans to use the FlipCoin application in its dispensaries, which would allow consumers to purchase medical cannabis, through various cryptocurrencies namely Bitcoin, Ethereum, Bitcoin Cash, Litecoin, and others. Further, the Company also plans to integrate FlipCoin's application and platform with Coinbase, the largest broker exchange of various cryptocurrencies. Coinbase is the most-downloaded app in Apple's (NYSE: AAPL) App Store, having more than 13 million accounts. The Company's foray into the cryptocurrency industry is due to the fact that dispensaries face many issues relating to the opening of checking accounts and accepting credit cards.

Industry Overview

We now present the reader with recent trends in the medical cannabis industry followed by LED industry trends.

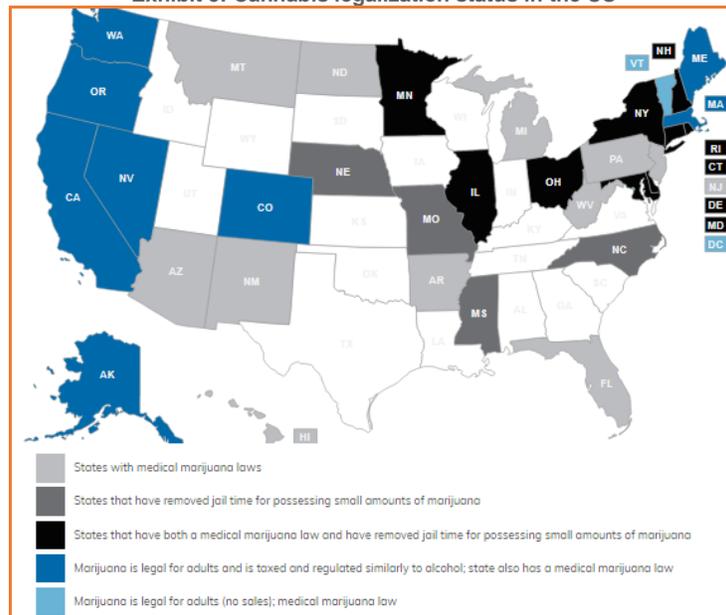
Cannabis - a drug with rich medical significance

Cannabis (marijuana, weed and other names) is a psychoactive drug with medical significance produced from the cannabis plant (cannabis sativa and cannabis indica). Cannabis is known to cure more than 100 forms of medical ailments such as nausea, rheumatism, muscle spasms and others. The medical implication of cannabis has been recorded as early as 1 AD. Cannabidiol (CBD) and Tetrahydrocannabinol (THC) are the major active therapeutic cannabinoids (a chemical compound) present in the cannabis plant. Cannabidiol is the medically significant non-psychoactive cannabinoid, which possesses anti-anxiety and medically significant characteristics such as regulation of sleep and appetite. Cannabidiol can be extracted from the cannabis plant in the form of oil and can be consumed in various forms such as oil, capsule or crystallized form. On the other hand, THC is a psychoactive cannabinoid, which provides the highness, while consuming cannabis. Marijuana and Hemp are varieties of the cannabis plant, primarily differentiated based on the levels of CBD and THC. Marijuana is grown to contain more THC level compared to hemp and is primarily used for recreational usage. Hemp contains only trace amounts of THC (approximately 0.3% THC) and more CBD. The hemp variety of cannabis has wide industrial usage.

Rapid legalization of cannabis usage is accelerating market growth

The legalization of cannabis is gaining traction around the globe, primarily in the US and Canada. Currently, 21 US states have bills to regulate or legalize marijuana for adults, while 8 US states have already passed bills to legalize marijuana. Exhibit 5 shows the current legalization status of cannabis in the US. California is expected to be world’s largest legal market for recreational marijuana in 2018, after the state’s successful legalization of recreational cannabis. GreenWave Advisors, a cannabis analysis firm, estimates California’s recreational cannabis market to exceed US\$5.1 billion by 2018. Further, the Florida cannabis market is also growing rapidly. According to Arcview Market Research (a market research firm), the Florida cannabis market is projected to grow to US\$1.6 billion by 2020 at a 140% CAGR from 2016 levels. In addition, recently on January 22, 2018, Vermont legalized recreational marijuana usage through its new marijuana policy. Vermont is the first state to legalize marijuana through its legislature. Although the legalization in Vermont has several restrictions (only adults at or above the age of 21 are allowed to possess up to an ounce of marijuana and several others), many legislation advocates view this as a positive move towards cannabis legalization growing as a mainstream political issue. Such positive trends in cannabis legalization should continue to attract capital investments and boost market growth. This should also aid in the elimination of illicit black markets. Cowen & Co. (Cowen), a US investment bank, predicts the US cannabis market to triple within a decade. In addition, potential Canadian marijuana legalization should also augment market growth. The House of Commons of Canada passed the bill to legalize marijuana in November 2017. The bill is expected to be effective in the summer of 2018 if the Senate passes the bill.

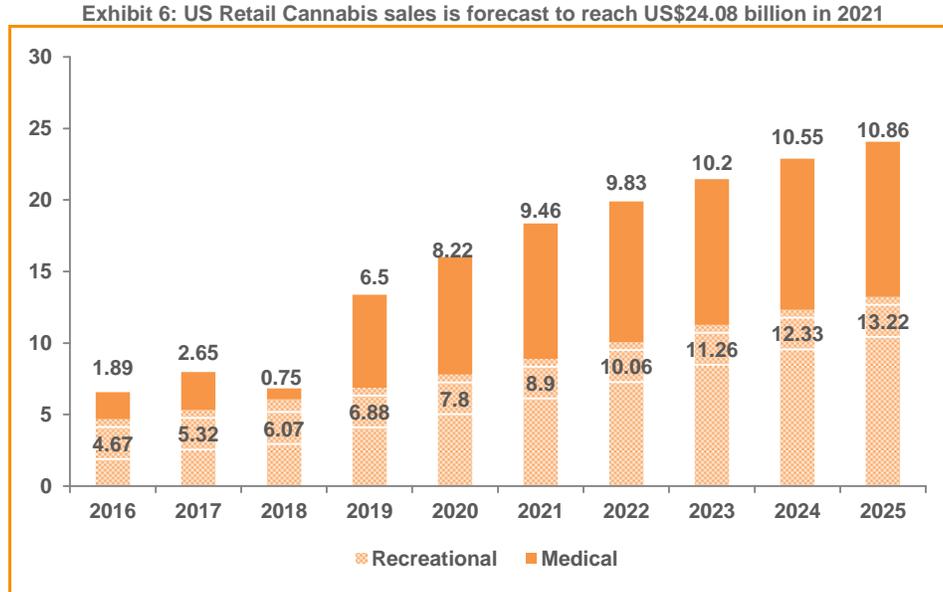
Exhibit 5: Cannabis legalization status in the US



Source: Marijuana Policy Project

US retail cannabis sales are growing at a rapid pace

According to the ‘The State of Legal Marijuana markets- 2017’ report, US cannabis sales for medical and recreational usage is projected to grow at a 16% CAGR to reach US\$24.08 billion in 2025 from US\$ 6.65 billion in 2016. Exhibit 6 shows the projections of the US cannabis sales market (medical and recreational). Medical cannabis sales are projected to grow at a higher 21.44% CAGR, while recreational sales are estimated to grow at a 12.66% CAGR during the same period. The California marijuana market is expected to be major driving factor supporting the industry’s substantial growth.

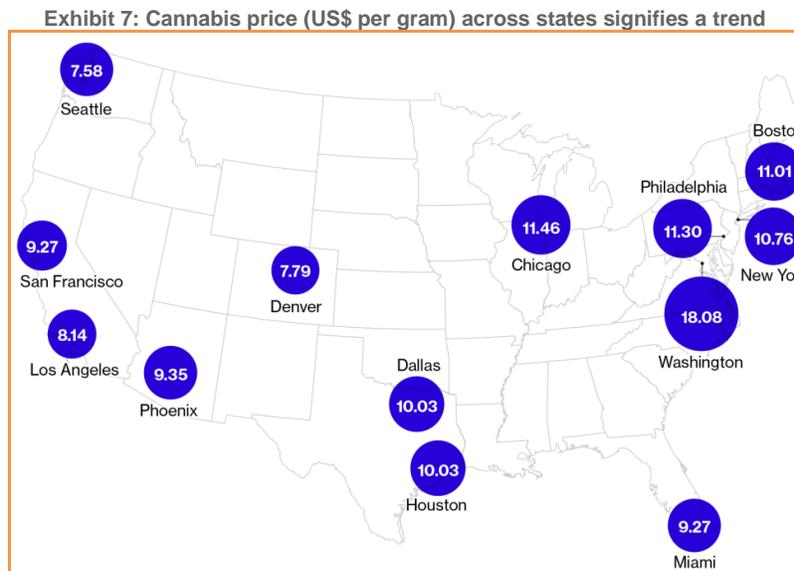


Source: The Cannabis Industry 2017 Annual Report – New Frontier data

In addition, Cowen increased its US cannabis sales forecast to US\$75 billion by 2030 from its previous forecast of US\$ 50 billion by 2026. According to Cowen analysts, accelerating cannabis legalization is expected to drive cannabis sales, as approximately more than one in five American adults could consume marijuana.

Cannabis prices are lower in cannabis-regulated states

Cannabis prices are lower in states such as Washington (Seattle) and Colorado (Denver), where marijuana usage is legal and regulated as per the state marijuana laws. Cannabis prices are also lower on the West Coast. Exhibit 7 shows the prices of cannabis in various US states.

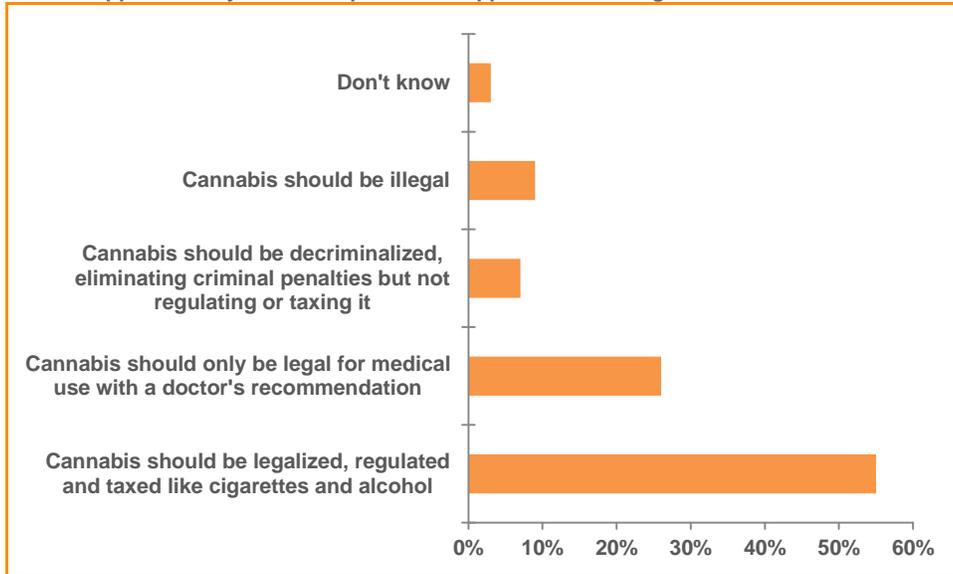


Source: Bloomberg

Cannabis survey reveals growing acceptance of cannabis usage

According to a survey conducted on the acceptance rate of cannabis by New Frontier Data (a data research firm), 55% of the respondents revealed that cannabis should be legalized and taxed similarly to cigarettes and alcohol. Further, 26% of the respondents stated that cannabis should be legalized for medical use with a doctor’s recommendation. Only 9% of the respondents believed cannabis should be made illegal. Exhibit 8 shows the results of the survey conducted by New Frontier Data.

Exhibit 8: Approximately 80% of respondents support cannabis legalization in one form or another



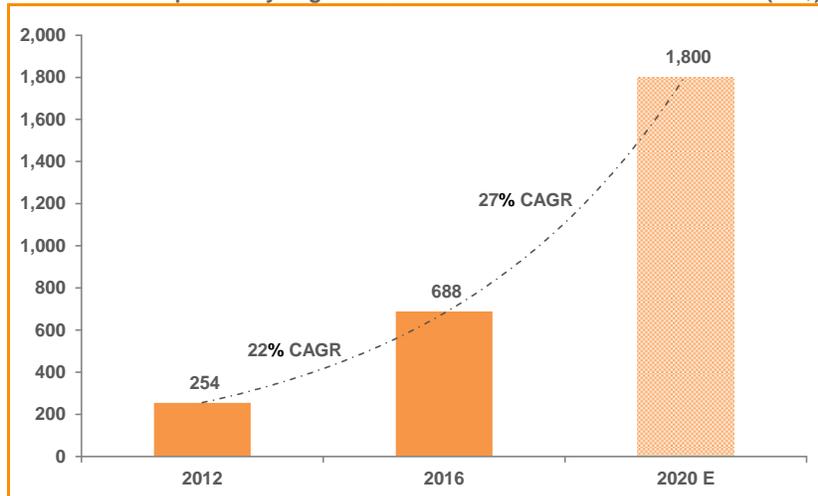
Source: The Cannabis Industry 2017 Annual Report – New Frontier data

We now present hemp industry trends.

Hemp Industry to grow to US\$1.8 billion by 2020

The total market value of hemp-based products in the US are forecast to grow to US\$ 1.8 billion by 2020 at a 27% CAGR from US\$688 million in 2016 according to Hemp Business Journal, a market intelligence company. To note, hemp-based product sales grew at a 22% CAGR between 2012 and 2016. Hemp CBD, Food and personal care market are the key sales segments, and accounted for 62% of the total hemp-based product sales in 2016. Specifically, the Hemp CBD segment, growing at an annual growth rate of 53% is expected to contribute significantly to the hemp industry market. The growing adoption of CBD based drugs is augmenting the growth of Hemp CBD segment. In 2017, “Epidiolex”, a CBD based drug, received an Orphan Drug Designation from the US Food and Drug Administration (FDA). Epidiolex is prescribed for the treatment of Dravet syndrome, infantile spasms, LGS and Tuberous Sclerosis complex. The Hemp Business Journal estimates Epidiolex sales to reach US\$120 million by 2020, with sales expected to start in 2H2018 or 2019. Exhibit 9 shows the projected hemp industry growth between 2012 and 2020.

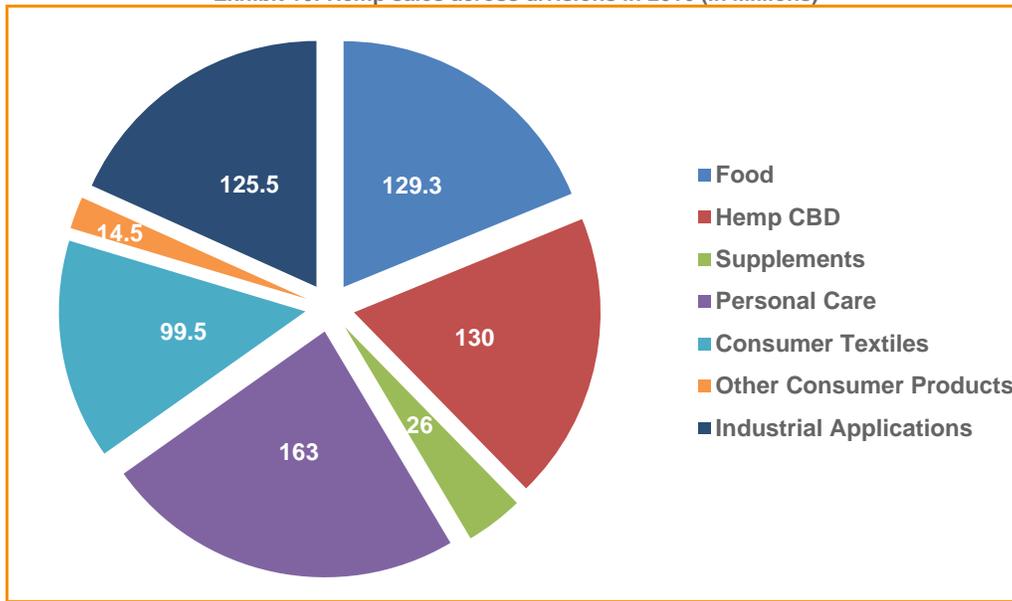
Exhibit 9: Hemp industry to grow at a 27% CAGR between 2016 and 2020 (US\$)



Hemp Business Journal

Exhibit 10 shows the hemp industry sales across segments in 2016.

Exhibit 10: Hemp sales across divisions in 2016 (In Millions)



Hemp Business Journal

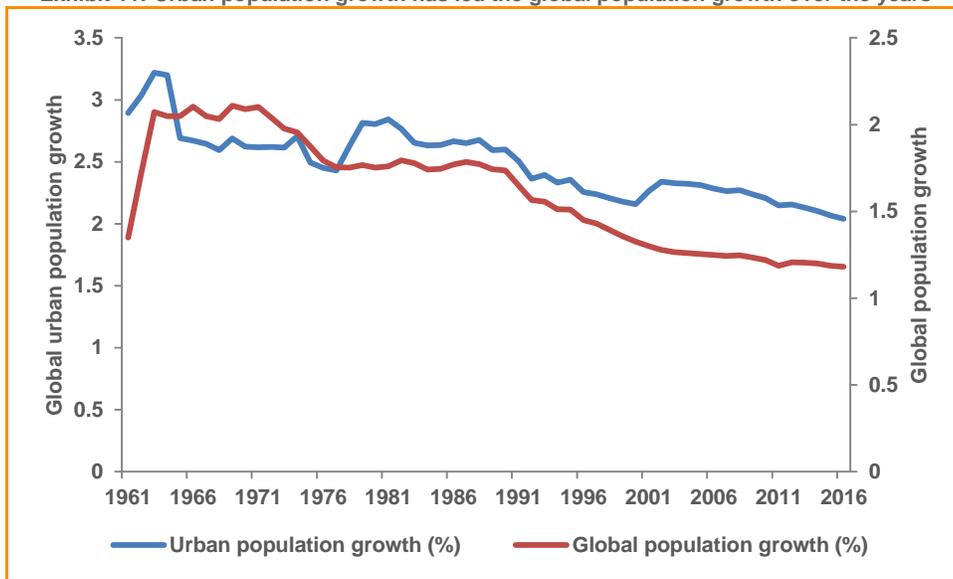
We now provide a brief industry analysis of the vertical farming market.

Overview of Vertical Farming Market

Vertical Farming is the art of growing crops vertically, in a controlled indoor environment, using innovative technologies such as Controlled-Environment Agriculture (CEA). Vertical Farming facilitates technological solutions by creating a conducive environment (lighting, humidity, water and others) for crop growth by incorporating data science and plant science. Vertical farming is considered as one of the ideal agricultural solutions to tackle the present-day agricultural problems (rapid urbanization, declining arable land, low yield due to monsoon problems and others). Vertical Farming increases the yield per available space and enables crop growth inside urban households, which is the need for today's rapidly urbanizing world. In addition, vertical farming also benefits with year-round crop production irrespective of seasons and negates usage of pesticides.

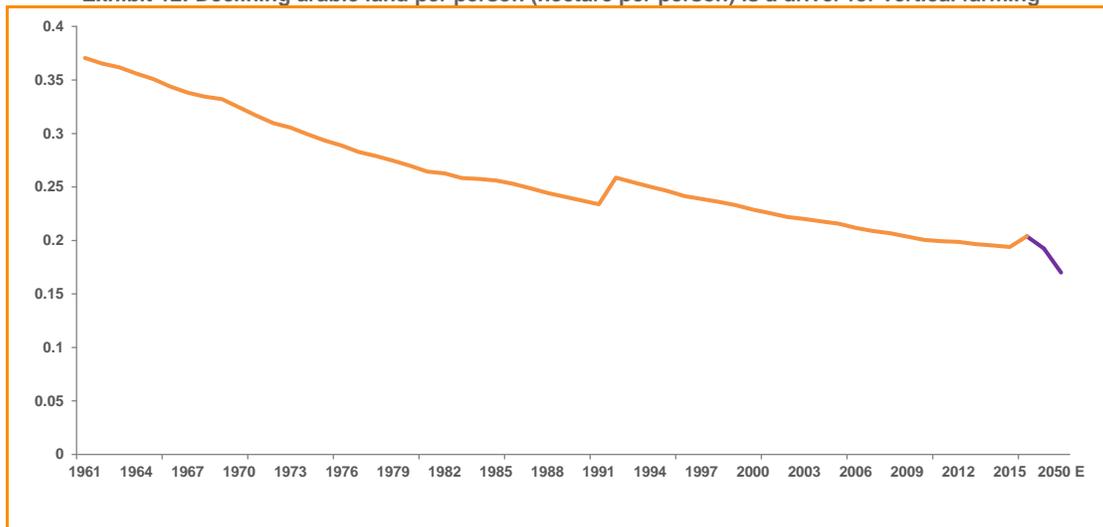
According to the UN Department of Economic and Social Affairs, world population is projected to grow to 9.8 billion in 2050 and 11.2 billion in 2100 from 7.6 billion as of 21 June 2017. Further, the percentage of the global urban population is projected to increase to 60% in 2030, from approximately 54.5% in 2016. Exhibit 11 shows global population and urban population annual growth rates over the years. However, the arable land per person has been declining over the years as seen in the Exhibit 12. Arable land per person is expected to fall to approximately 0.17 hectare per person in 2050. Such factors signify the importance innovative agricultural solutions such as vertical farming. According to Allied Market Research, a market research firm, the vertical farming market is estimated to grow to US\$6.4 billion by 2023, from US\$1.5 billion in 2016, at a 23.6% CAGR.

Exhibit 11: Urban population growth has led the global population growth over the years



Source: The World Bank

Exhibit 12: Declining arable land per person (hectare per person) is a driver for vertical farming



Source: Food and Agricultural Organization, United Nations

We now present LED lighting industry trends.

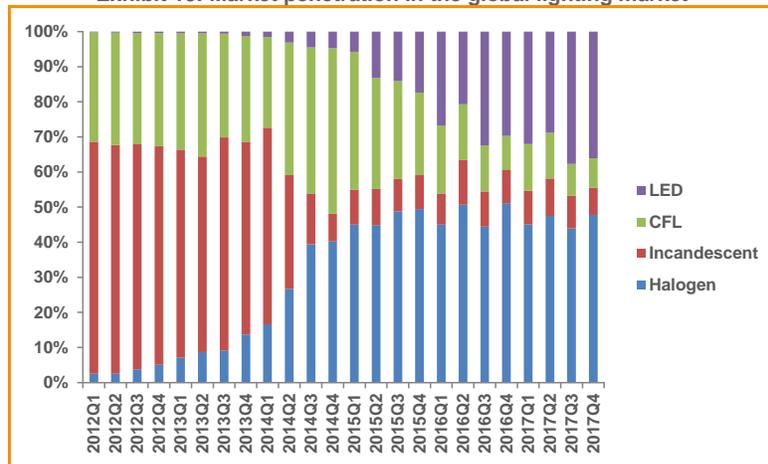
Overview of LED lighting industry

LED (Light-emitting diodes) lighting is rapidly replacing the conventional solid-state lighting technologies such as incandescent lamps, compact fluorescent lamps (CFL) and tungsten halogen lamps in the lighting market. LED’s high energy efficiency, cost-competitiveness, flexibility and longer lifetime favors the use of LED over other conventional lighting. Further, LEDs consume lesser power than traditional fluorescent or incandescent lamp lightings. LED lighting finds its applications in three segments, namely, commercial and industrial lighting or general lighting, automotive lighting, and backlighting. According to the US Department of Energy’s “Energy Savings Forecast of Solid-State Lighting in General Illumination Applications, LED lighting is projected to account for approximately 86% of the lighting sales by 2035, with an energy saving benefits of 3.7 quadrillion British Thermal units (quads). Further, LEDinside, a market research firm, estimates the LED lighting market to reach US\$33.3 billion by 2019. Smart lighting, niche lighting and lighting of emerging countries is expected to continue to drive LED market growth.

LED penetration in the global lighting market is projected to grow to 63% by 2022

The penetration of LEDs in the lighting source mix is growing rapidly over the years as seen in Exhibit 13. LED’s advantage over other conventional lighting sources, coupled with the fall in LED prices, due to technological advancements is driving LED adoption across industries. Exhibit 13 presents the market penetration of light sources like LED, CFL, Halogen and Incandescent lamps for the period Q1 2012 to Q4 2017. It can be seen that LEDs are replacing the conventional CFL and incandescent lamps, whose share of lighting sources are declining rapidly. According to National Electrical Manufacturers Association (NEMA) statistics, LED market penetration increased to 36.1% in the fourth quarter of 2017 from a mere 0.2% in the first quarter of 2012. During the same period, the penetration of CFL decreased from 31.2% to 8.4% and Incandescent lamps decreased from 66.2% to 7.8% respectively. Further, according to LEDinside’s (a division of Trendforce – market intelligence provider) “2018 Light LED and LED Market Outlook”, the global LED lighting penetration is projected to increase from 22% in 2017 to approximately 63% in 2022.

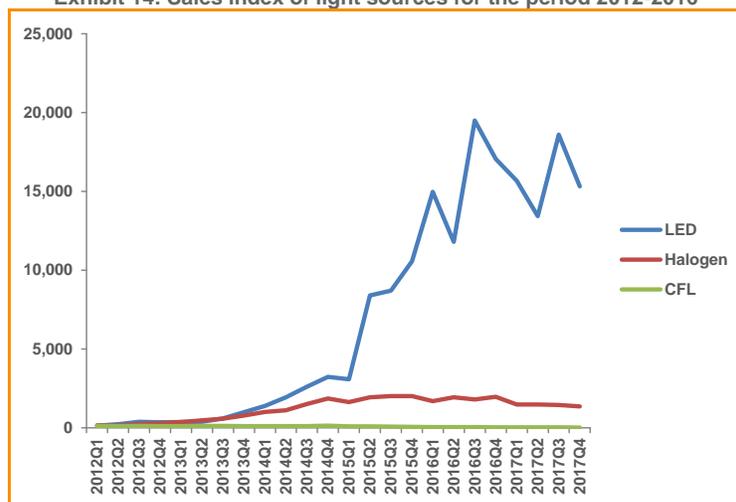
Exhibit 13: Market penetration in the global lighting market



Source: National Electrical Manufacturers Association (NEMA)

Exhibit 14 shows the increasing trend in LED sales index compared to other light sources such as Halogen and CFL between Q1 2012 and Q3 2017 according to NEMA. NEMA estimates sales indices based on the measures of NEMA member companies' US shipments of light sources.

Exhibit 14: Sales index of light sources for the period 2012-2016



Source: National Electrical Manufacturers Association (NEMA)

We now present LED demand growth from key industry segments.

Tailor-made LED lightings attract significant demand from horticulture

Growing adoption of Vertical Farming techniques has increased the demand for LED lighting solutions. For crops grown in an indoor setting, artificial lighting is vital to stimulate photosynthesis. Energy-efficient LED lighting is preferred over other conventional lighting sources due to its crop-friendly nature. LED can be tailored to provide lightings at wavelengths conducive to crop growth. This tailored-made light spectrum is known to have positive effects on crop health, and even shorten the crop's growth cycle. Such advantages set LED lighting apart from other conventional sources of lighting and are increasingly embraced in horticulture. According to LEDinside, the horticulture LED lighting market is estimated to be at US\$356 million in 2017. USA and China are the key horticulture LED lighting markets, estimated to account for 35% and 15% in 2017 respectively. Specifically, the US marijuana industry is expected to attract significant demand for LED lighting solutions, according to LEDinside.

Financial Performance

We now present the recent financial performance of Future Farm Technologies Inc. We begin with a cash burn analysis followed by details on the latest financial statements. The Company follows March-February as its fiscal financial period. All financial amounts are in Canadian dollars, unless noted otherwise.

Exhibit 15 shows the cash burn analysis of the Company and its financial sustainability. As investing and financing activities are not part of the Company's core business, we consider only operating cash flow for cash burn calculation. The Company's average cash burn stood at \$177,000 per month with an average survival rate of 2.86 months. In addition, the Company has a record of raising funds at an average of \$506,000 per quarter. Subsequent to the quarter, on January 17, 2018, the Company raised \$2,553,092 through exercise of warrants and options.

Exhibit 15: Cash burn analysis (in CAD '000s)

Period/ Amount (in '000)	31-May-15	31-Aug-15	30-Nov-15	29-Feb-16	31-May-16	31-Aug-16	30-Nov-16	28-Feb-17	31-May-17	31-Aug-17	30-Nov-17	AVG
Net operating cash flow	(73)	(23)	(103)	(2)	(73)	(128)	(649)	(1,068)	(1,907)	(986)	(833)	(531)
Net investing cash flow	-	-	-	(60)	-	-	-	(121)	(172)	5	9	(31)
Net financing cash flow	-	-	-	150	-	296	1,691	2,046	1,180	62	760	562
Cash position (quarter end)	135	113	10	98	24	192	1,234	2,091	1,192	272	207	506
Burn Rate per month	(24)	(8)	(34)	(1)	(24)	(43)	(216)	(356)	(636)	(329)	(278)	(177)
Survival period (in months)	5.56	15.05	0.29	128.48	0.97	4.52	5.70	5.87	1.87	0.83	0.75	2.86

Source: RBMG Research

Exhibit 16 displays the Company's income statements for the three months ended November 30, 2017, and November 30, 2016. During the three months ended November 30, 2017, Future Farm generated revenues of \$88,584 from its LED, app and cannabis oil extraction business segments. Further, for the three months ended November 30, 2017, the Company's net loss narrowed to \$1,913,247, compared to \$2,311,635 for the corresponding period in 2016, a decrease of 17%. Lower advertising, promotion and public relations and share based compensation expenses contributed to the narrowing of net loss. Further, total operating expenses decreased by 15% to \$2,003,893 in the three months ended November 30, 2017, compared to \$2,346,016 for the corresponding period in 2016.

Exhibit 16: Income Statements for the three months ended November 30, 2017 & November 30, 2016

Particulars	For the three months ended November 30, 2017	For the three months ended November 30, 2016	Y-o-Y (%)
Sales revenue- LED	\$46,106	\$143,662	-68%
Cost of goods sold- LED	18,822	109,281	-83%
Subtotal	\$27,284	\$34,381	-21%
Sales- app portfolio	\$28,910	\$0	NM
Sales – cannabis oil	13,568	-	NM
Subtotal	\$42,478	\$0	NN
Gross Profit	\$69,762	\$34,381	103%
Operating Expenses:			
Advertising, promotion and public relations	\$317,243	\$592,863	-46%
Bad debts	-	4,000	NM
Consulting and management fees	508,602	446,457	14%
Office and miscellaneous	(14,740)	15,777	-193%
Professional fees	36,328	58,024	-37%
Project management	37,237	-	NM
Rent and utilities	101,595	9,395	NM
Share based compensation	947,386	1,168,582	NM
Transfer agent and regulatory fees	7,381	24,918	-70%
Travel	49,919	13,133	NM
Wages and benefits	12,942	12,867	1%
Total operating expenses	\$2,003,893	\$2,346,016	-15%
Other Expenses:			
Interest expense	(\$8,995)	\$0	NM
Loss on foreign exchange	7,043	-	NM
Rental income	22,836	-	NM
Total Other Expenses	\$20,884	\$0	NM
Net Loss and comprehensive loss	(\$1,913,247)	(\$2,311,635)	-17%
Non-controlling interest	(\$6,481)	\$0	NM
Net loss and comprehensive loss attributed to Shareholders of the Company	(\$1,906,766)	(\$2,311,635)	-18%
Loss Per Share, Basic and Diluted	(\$0.02)	(\$0.04)	-55%
Weighted Average Shares Outstanding	96,442,243	52,233,939	85%

(Note: NM represents not meaningful)
Source: Company filings

Exhibit 17 presents Future Farm's balance sheets as of November 30, 2017, and February 28, 2017. As of November 30, 2017, the Company's cash and cash equivalents stood at \$207,173, a significant decrease of 90% compared to \$2,090,615 as of February 28, 2017. The decrease in cash and cash equivalents was mainly due to higher expenses during the nine months ended November 30, 2017. In addition, current and non-current prepaid expenses decreased significantly by 40% and 21% to \$366,927 and \$370,875, compared to \$615,525 and \$467,625 respectively as of February 28, 2017. As of November 30, 2017, total liabilities increased by 25% to \$1,859,116, compared to \$1,485,467 as of February 28, 2017. This increase was primarily due to significant increase in current liabilities such as accrued liabilities and accounts payable, dues to related parties and loan payable.

Exhibit 17: Balance Sheets as of November 30, 2017 and February 28, 2017

Particulars	As of November 30, 2017	As of February 28, 2017	Change (%)
ASSETS			
Current assets:			
Cash	\$207,173	\$2,090,615	-90%
Accounts receivable	76,294	62,250	23%
Share subscriptions receivable	13,750	-	NM
Deposits	23,000	23,000	0%
Prepaid expenses	366,927	615,525	-40%
Inventory	131,498	18,653	NM
Total Current Assets	\$818,642	\$2,810,043	-71%
Non-current assets:			
Prepaid expenses	\$370,875	\$467,625	-21%
Property, plant and equipment	1,174,336	1,015,547	16%
Intangible assets	2,733,216	1,583,216	73%
Goodwill	1,167,000	1,167,000	0%
Total Non-Current Assets	\$5,445,427	\$4,233,388	29%
Total assets	\$6,264,069	\$7,043,431	-11%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	\$646,433	\$415,382	56%
Due to related parties	210,779	158,975	33%
Loan payable	84,722	-	NM
Mortgage payable	53,919	56,102	-4%
Note payable	26,939	59,225	-55%
Total current liabilities	\$1,022,792	\$689,684	48%
Non-current liabilities			
Mortgage payable	\$736,356	\$795,783	-7%
Loan payable	99,968	-	NM
Total liabilities	\$1,859,116	\$1,485,467	25%
Equity:			
Share capital	\$21,209,551	\$14,872,872	43%
Shares subscribed	-	664,207	NM
Commitment to issue shares	-	109,750	NM
Equity reserves	2,173,021	854,957	154%
Deficit	(19,208,832)	(11,244,113)	71%
Total Shareholders' Equity	\$4,173,740	\$5,257,673	-21%
Non-controlling interest	231,213	300,291	-23%
Total Liabilities and Shareholders' Equity	\$6,264,069	\$7,043,431	-11%

(Note: NM represents not meaningful)
Source: Company filings

Exhibit 18 presents Future Farm's cash flow statements for the nine months ended November 30, 2017, and November 30, 2016. For the nine months ended November 30, 2017, the Company's operating cash outflow was \$3.72 million compared to an outflow of \$0.85 million during the same period in 2016. This was primarily due to widened net loss of \$8.03 million in the nine months ended November 30, 2017, compared to a loss of \$2.58 million in the corresponding period in 2016. Net cash used in investing activities was \$0.15 million for nine months ended November 30, 2017, primarily due to purchase of equipment. Further, cash provided by financing activities was \$2 million, which was primarily from private placement.

Exhibit 18: Cash Flow Statements for the nine months ended November 30, 2017 & November 30, 2016

Particulars	For the nine months ended November 30, 2017	For the nine months ended November 30, 2016	Y-o-Y (%)
Cash Flow from Operating Activities			
Net loss	(\$8,033,797)	(\$2,585,086)	211%
Items not involving cash:			
Bad debt expense	(24,655)	12,000	-305%
Foreign exchange	(13,225)	-	NM
Interest expense	27,711	-	NM
Rental income	(69,152)	-	NM
Stock-based compensation	3,860,425	1,168,582	230%
Shares issued for consulting and marketing services	-	493,960	NM
Loss on settlement of debt	-	24,000	NM
Changes in non-cash operating working capital:			
Amounts receivable	10,611	(100,567)	-111%
Prepaid expenses	345,348	4,796	NM
Inventory	(112,845)	(6,149)	NM
Accounts payable and accrued liabilities	231,051	55,974	313%
Due to related parties	51,804	82,281	-37%
Net cash flow from operating activities	(3,726,724)	(850,209)	338%
Cash Flow from Investing Activities			
Purchase of equipment	(158,789)	-	NM
Net cash flows (used in)/from investing activities	(158,789)	-	NM
Cash Flow from Financing Activities			
Proceeds from private placement	1,655,861	205,500	NM
Share issuance costs	(244,250)	-	NM
Proceeds from exercise of warrants	50,000	1,347,000	-96%
Proceeds from exercise of options	395,000	434,000	-9%
Proceeds from loan payable	199,593	-	NM
Repayment of loan payable	(21,847)	-	NM
Repayment of note payable	(32,286)	-	NM
Net cash from financing activities	\$2,002,071	\$1,986,500	NM
Change in cash	(\$1,883,442)	\$1,136,291	-266%
Cash - Beginning of period	\$2,090,615	\$97,561	NM
Cash - End of period	\$207,173	\$1,233,852	-83%
Non-cash Investing and Financing Activities:			
Shares issued for intangible assets and goodwill	\$1,150,000	\$3,662,123	-69%
Shares issued to settle related party debt	-	60,000	NM
Transfer to share capital on exercise of options	381,909	338,412	13%
Shares issued for management fees	51,000	-	NM
Shares issued for finder's fee	58,750	-	NM
Broker's warrants	97,048	-	NM

(Note: NM represents not meaningful)
Source: Company filings

Shareholding Pattern

As of March 23, 2018, the Company had 133.99 million fully diluted shares, including 15.41 million of warrants and 6.32 million of options as shown in Exhibit 19.

Exhibit 19: Capitalization structure as of March 23, 2018

Particulars	(in millions)
Common Shares Outstanding	112.25
Warrants	15.41
Options	6.32
Fully Diluted Shares	133.99

Source: Future Farm investor presentation

Sources

- Company Website
- Company Press Release & Presentations
- SEDAR Filings
- The World Bank
- The United Nations
- The Hemp Business Journal
- LEDinside

Disclaimer

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Currently, Principal, through Fund, indirectly owns shares and warrants of FFT. Principal will directly or indirectly buy, sell, hold or exercise shares, options, rights, or warrants to purchase shares of FFT at its lawful discretion and this can happen at any time.