

4Front Ventures Announces \$22 Million U.S. of New Funding

Company announces binding agreement for sale of its Assets in Pennsylvania and Maryland netting over \$18 million U.S. in cash

Company secures \$4 million U.S. through private placement

Transactions enable the Company to reach cash flow positive in 2020

PHOENIX, Ariz., May 1, 2020 – 4Front Ventures Corp. (CSE: FFNT) (OTCQX: FFNTF) (“**4Front**” or the “**Company**”) announced reaching a significant milestone in becoming cash flow positive in 2H 2020 through a sale of non-core retail licenses netting in excess of \$18 million U.S. and a private placement of convertible debentures of \$4 million U.S. The Company expects these transactions will fulfill the Company’s stated objectives of being fully-funded and achieving cash flow positivity in the second half of 2020.

Non-core License Sales

Consistent with its stated strategy of divesting non-core assets, the Company has entered into a definitive agreement to sell its stake in retail licenses in Pennsylvania and Maryland, netting in excess of \$18 million U.S. in cash. The majority of the proceeds from the transaction are expected to be received in the next week, with the remainder closing over the next 45 days pending certain regulatory approvals. Upon receipt of proceeds from the transaction, 4Front anticipates prepaying up to \$10 million U.S. of its outstanding debt obligations to entities associated with Gotham Green Partners. The transaction marks a significant milestone in 4Front’s goal of streamlining its cost-structure, allowing the company to focus on optimizing vertical operations in core markets such as Massachusetts, Illinois, Michigan and California.

Private Placement

The Company has commitments to raise \$4 million U.S. in a private placement of convertible debt led by Navy Capital. The financing was contingent on entering into the asset divestiture agreements described above. These conditions have now been satisfied. The placement is scheduled to close on or about May 4, 2020.

The Notes have an annual coupon of 5%, paid-in-kind, and will mature on February 28, 2022. The Notes are exchangeable into subordinate voting shares (“common equivalent”) at a conversion price of \$0.25 U.S. Some lenders were granted a debenture which allows for the exchange of a portion of their existing equity investments into a security intended to mimic the liquidity preference found in a preferred equity, offering some downside protection on their initial equity investment.

Leo Gontmakher, CEO of 4Front, said, “This is a watershed moment for our company. We believe these non-core divestitures, combined with our private debt placement, put the Company in the enviable position of not needing additional capital to become cash flow positive. Our commitment to a lean corporate structure and focused execution allows us to achieve self-sufficient operations while minimizing dilution to our shareholders. The momentum in our business is strong and we can now turn our complete attention to maximizing growth in our core geographies and expanding our vertical operations to take meaningful market share in nascent adult-use markets.

Chetan Gulati of Navy Capital, said, “We are impressed with 4Front’s focus on long-term, sustainable growth and its ability to operate an efficient and lean business during these uncertain times. We believe their low-cost, high-yield cultivation and production facilities in Washington, Massachusetts and Illinois are replicable across multiple geographies and well-suited to driving growth at scale in a production-led industry. We are delighted to support the Company in its next phase of growth.”

Strong Business Momentum

4Front's affiliated cultivation and production facilities in Washington state have achieved a dominant position in one of the most competitive cannabis markets in the country. Producing over 25 different products and 300 SKUs, the Company's focus on quality, low-cost production at scale has driven high single digit market share in the Washington wholesale market. 4Front's strategy going forward is to proliferate these product brands and low-cost production methodologies across its license portfolio and eventually beyond.

Progress on this strategy is already underway in Massachusetts as the Company has imported its Washington-grown expertise and achieved cultivation yields of over 400 grams per square foot and introduced its branded products to the market. The Company expects to accelerate further product roll-out and expand production capacity in anticipation of greater penetration in Massachusetts. 4Front also has near-term plans to double production capacity in Illinois before the end of the year and roll-out its brands to patients and consumers in the state, which remains a primary focus area for the Company.

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About 4Front Ventures Corp.

4Front is a cannabis company designed for long-term success and built upon battle-tested operating capabilities at scale, experienced and committed leadership, and a strategic asset base. From plant genetics to the cannabis retail experience, 4Front's team applies expertise across the value chain. 4Front has invested heavily to assemble a comprehensive collection of management skills and hands-on operating expertise to capitalize on the unique growth opportunity being afforded by the increased legalization of cannabis. For more information, [visit 4Front's website](#).

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Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in 4Front Ventures' periodic filings with securities regulators. When used in this news release, words such as "will, could, plan, estimate, expect, intend, may, potential, believe, should," and similar expressions, are forward-looking statements.

Forward-looking statements may include, without limitation, statements related to future developments and the business and operations of 4Front Ventures, developments with respect to legislative developments in the United States, expectations regarding the COVID-19 pandemic, future revenue or Adjusted EBITDA expectations, statements regarding when or if any contemplated or in-progress transactions will close or if/when required regulatory approvals are attained, and other statements regarding future developments of the business. The closing of the transactions described in this news release, including the divestiture of Pennsylvania and Maryland assets and the sale of convertible debt, is subject to customary conditions and there can be no guarantee that such transactions will close.

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