

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 – Name and Address of Company:

4Front Ventures Corp.
7010 E. Chauncey Lane, Suite 235
Phoenix, Arizona
USA 85054

Item 2 - Date of Material Change:

October 13, 2023

Item 3 – News Release:

News release was disseminated via CNW on October 16, 2023 (the “**News Release**”). A copy of the News Release has been filed on SEDAR+ and is available at www.sedarplus.ca.

Item 4 – Summary of Material Change:

On October 16, 2023, 4Front Ventures Corp. (“**4Front**” or the “**Company**”) announced that it has entered into a US\$10 million senior secured credit facility agreement with ALT Debt II, LP, an affiliate of Altmore Capital.

Item 5 – Full Description of Material Change:

5.1 Full Description of Material Change

On October 13, 2023, 4Front entered into a Loan Agreement (the “**Loan Agreement**”), by and among the Company, the Company’s wholly-owned subsidiaries, ALT Debt II, LP (the “**Lender**”) and GGG Partners, LLC, as collateral agent.

Pursuant to the Loan Agreement, the Lender is providing the Company with term loans up to US\$10 million (the “**Term Loans**”), US\$6 million of which was immediately available to the Company subject to certain holdbacks. The Lender has agreed, subject to certain conditions, to make one or more additional loans up to US\$4 million to the Company. The maturity date of the Term Loans is originally set to December 1, 2023; however, such maturity date shall be extended pursuant to the Loan Agreement in certain instances; provided further, however, in no circumstance will the maturity date be extended beyond September 30, 2026.

The Term Loans shall bear interest at an annual rate equal to the greater of (a) the sum of the rate of interest per annum last quoted by The Wall Street Journal as the “**Prime Rate**” in the U.S. and seven percent (7%), and (b) fifteen and one-half percent (15.5%). Accrued interest on the Term Loans shall be paid by the Company monthly on the first business day of each calendar month occurring while the Term Loans are outstanding, commencing November 1, 2023.

Following six months after a Term Loan is made, the Company is required to repay the aggregate amount outstanding under such Term Loan in consecutive monthly installments pursuant to an amortization schedule from such payment date to the maturity date.

The Term Loans shall be secured by senior liens on all assets of the Company and borrowing subsidiaries.

The Loan Agreement contains financial covenants that (a) require the Company to have minimum liquidity of at least US\$3,000,000 beginning December 31, 2023, (b) have a fixed charge coverage ratio of no less than 1.10 to 1:00 beginning June 30, 2024 and (c) have a consolidated leverage ratio of no more than 3.00 to 1:00 beginning June 30, 2024. The Loan Agreement contains additional covenants that, among other things, limit the ability of the Company and its subsidiaries to incur certain additional debt and liens, pay certain dividends or make other restricted payments, make certain investments, make certain dispositions and enter into certain transactions with affiliates.

The proceeds of the Term Loans shall be used only to acquire and build out new or improve existing dispensaries in Illinois, resolve certain liabilities, and pay expenses related to the transaction.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 – Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

Item 7 - Omitted Information:

Not applicable.

Item 8 – Executive Officer:

Leonid Gontmakher, Chief Executive Officer
Phone: 602-633-3067

Item 9 – Date of Report:

October 24, 2023

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this material change report may be considered forward-looking, such as statements regarding the use of proceeds of the Credit Facility, the launch of the Matteson facility, the leadership of 4Front in Illinois, the potential for high margin, long-term, sustainable growth, the potential size of the expansion of 4Front's production capacity in Illinois, the potential for several retail licenses, regulatory approval, and other forward-looking information. Forward-looking statements are typically identified by words and phrases such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" or the negative of such

words and other comparable terminology. However, the absence of these words does not mean that a statement is not forward-looking. Any forward-looking statements expressing an expectation or belief as to future events is expressed in good faith and believed to be reasonable at the time such forward-looking statement is made. However, these statements are not guarantees of future events and involve risks, uncertainties and other factors beyond 4Front's control. Therefore, you are cautioned against relying on any of these forward-looking statements. Actual outcomes and results may differ materially from what is expressed in any forward-looking statement. Except as required by applicable law, including Canadian and U.S. federal securities laws, 4Front does not intend to update any of the forward-looking statements to conform them to actual results or revised expectations.