

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: 4Front Ventures Corp. (the “**Issuer**” or “**4Front**”).

Trading Symbol: FFNT

Number of Outstanding Listed Securities: There are 657,883,769 issued and outstanding class A subordinate voting shares (“**SVS**”) and 1,276,208 MVS convertible to 1,276,208 SVS outstanding for a total outstanding SVS of 659,159,977 on an as-converted basis.

Date: October 31, 2023

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date, and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are “material information” as defined in the Policies. The discussion in this report must be factual, balanced, and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered, nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

As of October 2023, the Issuer continued to grow, process, and sell cannabis and cannabis products at retail and wholesale in Massachusetts, Michigan, and Illinois, and continued to serve as a landlord and consultant to licensed

cannabis businesses in Washington. The Issuer closed its Commerce California manufacturing facility and Northern California cultivation facilities.

2. Provide a general overview and discussion of the activities of management.

Management is focused on infrastructure initiatives to support the production capabilities in markets in which 4Front operates, the development of additional assets in legal medical and adult-use cannabis markets, and the continued growth of its core vertically integrated cannabis assets.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Not applicable.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

The Company ceased to sell cannabis products in California.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements, etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Effective October 23, 2023, a Company subsidiary entered into a Trademark Licensing Agreement licensing the Company's "Crystal Clear" trademark to a third party that is not a Related Person for use in connection with vaporizers sold in California.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not Applicable

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Not applicable.

8. Describe the acquisition of new customers or loss of customers.

Not applicable.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

Not applicable.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

Across all subsidiaries, in October 2023, the Issuer hired eighteen (18) employees and terminated thirty-two (32) employees.

11. Report on any labour disputes and resolutions of those disputes if applicable.

Not applicable.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Not applicable.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

In October, the Company paid US \$523,058.75 in interest to LI Lending LLC.

On October 6, 2023, Amendments were made to an October 6, 2021 Convertible Promissory Note Purchase Agreement with three investors with an aggregate principal amount of US \$15,000,000. The Issuer and the Investors agreed to the following amendments to the Original Note Purchase Agreement and the Notes: i. the payment of interest due to each Investor on October 6, 2023 is deferred through October 6, 2024 and shall only be due and payable by the Issuer on the earlier to occur of: (x) the Maturity Date (as defined in the Note); and (y) such sooner date when the Outstanding Balance (as defined in the Note) is due and payable under the terms of Section 1(a) of each Note; ii. the interest rate payable for the remaining term shall be increased to 10% from 6%; and iii. the definition of the Conversion Price set forth in the Original Note Purchase Agreement (and each Note) is amended so that the "Conversion Price" means a price per share equal to US \$0.23 as may be adjusted from time to time pursuant to each Note.

On October 13, 2023, the Company entered into a \$10,000,000 senior secured credit facility agreement ("Credit Facility") with ALT Debt II, LP ("Lender"), an affiliate of Altmore Capital, and GGG Partners, LLC ("Collateral Agent"). The principal will bear simple interest at a rate per annum equal to the greater of (i) the WSJ Prime Rate plus 7% and (ii) 15.5%, payable monthly on the first business day of each calendar month occurring while the Term Loans are outstanding, commencing November 1, 2023, provided the Company extends the maturity of certain other subordinated debt. The funds will be disbursed in two tranches, the first, US \$6,000,000, was made immediately available to the Issuer subject to certain holdbacks, and then one or more additional loans up to US \$4,000,000. The maturity date of the Term Loans is December 1, 2023; however, the 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. Six months after a Term Loan is made, the Company is required to repay the principal 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 are secured by senior liens on all assets of the Issuer and borrowing subsidiaries. The Loan Agreement contains financial covenants that (a) require the Company to have minimum liquidity of at least \$3,000,000 beginning December 31, 2023, (b) to 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 loans are committed to building out the Company's retail operations in Illinois in tandem with the launch of the company's new state-of-the-art cultivation and processing facility in Matteson, IL.

14. On October 23, 2023, the Company announced that in connection with its US \$10,000,000 senior secured credit facility agreement dated Oct. 13, 2023, the Company intends to enter into a restricted stock unit agreement ("RSU Agreement") with ALT Debt II, LP, ("Lender"), to issue 15,900,000 Restricted Share Units ("RSUs") to the Lender. The RSUs are being issued to settle a borrowing fee of CDN \$4,929,000 in connection with the loan agreement. Each RSU is convertible into one Class A subordinate voting share of the Company upon the earliest of certain specified conditions (the "Distribution Event") as more fully described in the RSU Agreement. The issue price of the RSUs will be equal to CAD \$0.31. The Issuer shall issue and deliver to the Lender the number of shares underlying the RSUs upon the first to occur of the following events (each, a "Distribution Event"): (a) Change in Control (as defined in the Loan Agreement); (b) upon the written request of the Lender following an Event of Default (as defined in the Loan Agreement) which has not been cured in the time required by the Loan

Agreement; (c) by written request of the Lender or written notice of the Issuer at any point on or after the payment of all outstanding Obligations (as defined in the Loan Agreement); or (d) by written request of the Lender or written notice of the Issuer at any point on or after the date that is eighteen (18) months following the Grant Date. If at the time of the Distribution Event, the number of shares underlying the RSUs is less than 2.12% of the fully diluted Shares (calculated in accordance with the terms of the RSU Agreement) of the Issuer, an additional number of RSUs will be issuable to the Lender with respect to the deficiency, each issuable at the closing market price on the Canadian Securities Exchange on the trading day prior to issuance. The issuance is not of the listed class; therefore, the number of SVS and MVS issued and outstanding will not change based on the issuance of the RSUs. The Issuer will not receive any cash proceeds or funds from the issuance of the RSUs. Provide details of any securities issued and options or warrants granted.

On October 10, 2023, the Company agreed to issue 1,283,425 subordinate voting share purchase warrants, each exercisable into one subordinate voting share at an exercise price of USD \$0.20 each, for a period of four years, to HI 4Front, LLC as consideration for, among other things, extending the maturity date of a promissory note ("Lender Note") issued in connection with an August 30, 2022 Promissory Note Purchase Agreement which has a principal amount of US \$2,000,000, with a payment of an extension fee of CDN \$65,000, payable by issuing warrants.

On October 19, 2023, warrants were issued to HI 4Front, LLC in satisfaction of the CAD \$65,000 loan extension fee. Each Warrant was sold at CAD \$0.05 and has an exercise price of USD \$0.20 (equivalent to CAD \$0.274 on the date of determination), calculated based on the posted Bank of Canada exchange rate on October 6, 2023.

On October 27, 2023, the Company reported the issuance of options on September 1, 2023 to employees and officers to purchase 2,500,000 Class A Subordinate Voting Shares in the capital stock of the Company at Cdn. \$0.22.

On October 27, 2023, options were granted to employees and consultants to purchase 2,465,000 Class A Subordinate Voting Shares in the capital stock of the Company at Cdn. \$0.30.

15. Provide details of any loans to or by Related Persons.

N/A

16. Provide details of any changes in directors, officers, or committee members.

Not applicable.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Not applicable.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: November 10, 2023

Leonid Gontmakher
Name of Director or Senior Officer

signed /Leonid Gontmakher/
Signature

Director and CEO
Official Capacity

Issuer Details Name of Issuer 4Front Ventures Corp.	For Month End October 2023	Date of Report YY/MM/DD 23/11/10
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