



# 4Front Ventures Investor Presentation

June 2021





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## **Our mission & belief**

### **Our mission**

**We believe low cost production and distribution of cannabis consumer packaged goods is the best opportunity in the cannabis industry.**

### **Our belief**

**At 4Front, we believe the way the market values cannabis companies has moved on from a focus on arbitrary land grabs to a focus on strategy execution and operations.**



# Business overview

Operating one of the most efficient cannabis companies in North America. Founded in 2011.

## Winning in Washington



**76M / 23%**

US Addressable Market



**7.6M**

Addressable Market



**~380**

g/sq ft Annualized Yields



**5**

of the 15 most populous states. WA, IL, MA, CA, MI



**#1**

Edibles Manufacturer



**20+ / 1900\***

Brands / SKUs



**\$88.1M**

FY 2020 Systemwide Pro Forma Revenue



**#2**

Producer of Flower



**260+**

Dispensaries carrying WA products



**~200k**

Current total square footage cultivation & production



**#2**

Total Market Share



**25%**

Stable EBITDA margins

**Washington SOP's successfully replicated in Massachusetts, Illinois, California\* and Michigan**



**Yields increase**

MA, IL annualized yields of up to 404g/ sq ft



**Brands**

WA brands launched in IL, MA, coming soon in CA\*



**~300k**

Additional square footage pending or under construction



**Retail**

Supporting medical and recreational stores IL, MA, MI

\* In Washington state alone

\* CA brand launches expected Q2/2021





# Asset overview

## Leveraging knowledge, growing business

Our strategy is to replicate our success building one of the most efficient and profitable cannabis operators in Washington in the targeted states of Massachusetts, Illinois, Michigan and California.

### Operational Excellence

We take considered and decisive measures to streamline our operational platform and believe more efficiencies will be achieved.

### Maximizing Growth

Our complete attention is focused on maximizing growth in our core geographies and expanding our vertical operations to take meaningful market share in nascent adult-use markets that represent an addressable market of over 76m people.



**Washington**  
**Population:**  
**7.6 million**

#### *Cultivation & Production:*

120k sq ft

**Yields:**  
380kg/sq ft\*

**Market share:**  
#1 Edibles / #2  
Flower / #2 Total  
Market

**Brands:**  
20+ brands/  
1900 SKUs



**Illinois**  
**Population:**  
**12.8 million**

#### *Cultivation & Production:*

40k sq ft

**Yields:** 360g/ sq ft\*

**Retail:**  
• Mission South  
Chicago  
• Mission Calumet  
City

**Brands:**  
Washington brands  
introduced

**Near term pipeline:**  
Additional 210k  
cultivation



**Michigan**  
**Population:**  
**9.9 million**

**Retail:** Longest  
continuously  
operating cannabis  
retailer east of the  
Mississippi - over  
**5300 sq ft** located  
in the heart of  
downtown on Main  
Street, ½ mile  
from the University  
of Michigan

**Average Basket  
size:**  
\$155 / 1<sup>st</sup> Mission  
store to offer  
delivery



**California**  
**Population:**  
**39.5 million**

Largest legal  
cannabis market  
in the US

**Manufacturing & Production:**  
170k sq ft  
Fully funded  
construction  
underway for  
Q2 completion

**Brands:**  
Target Q2 rollout  
of 10 low-cost,  
high quality  
brands utilizing  
WA SOPs



**Massachusetts**  
**Population:**  
**6.8 million**

#### *Cultivation & Production:*

70k sq ft

**Yields:** up to 404g/  
sq ft\*

**Retail:**  
• Mission  
Georgetown  
• Mission  
Worcester

**Brands:**  
Washington brands  
introduced

**Near term pipeline:**  
• Mission Brookline  
– Q2 2021

\* Annualized yields / sq ft

## ✦ **Ability to execute, with low-cost production**

**We believe low cost production and distribution of cannabis consumer packaged goods is the best opportunity in the cannabis industry.**

**Companies that can prove they can execute at scale in highly competitive markets will thrive in this environment, and those that are held back by inefficiencies and poor management are rapidly losing market share.**



# ❖ The 4Front brand family

Established and diversified brands at scale

We produce over  
20 recreational  
brands for flower,  
edibles, tinctures,  
concentrates and  
topicals and  
approximately  
2800 SKUs

## Flower



## Edibles



## Concentrates



## Wellness





\$

**MINI  
BUDZ™****LEGENDS™**  
— X —**PHARM  
FRESH  
FLOWER****FUNKY MONKEY™**  
CANNABIS CO.

\$\$\$

**Focusing on quality, catering to everybody**

From the lower and mid-price point offerings of Mini Budz and Legends to original premium brand, Private Reserve, and our newest top shelf phenotype Funky Monkey, we're creating ever-better flower strains that delight the senses and help our customers make the most out of every experience, regardless of budget.







# Our approach

# ❖ Driving seed-to-sale efficiency at scale

We believe efficient, low-cost production will enable 4Front to own the largest market share in a state-by-state basis. Our proven systems and processes are replicated across our sites, resulting in industry leading yields and consistent high quality, low cost cannabis products.



## Facility Design

We implement our advanced facility design to maximize footprint. We are now consistently producing up to 400 grams per square foot per year.



## Growing Process

Our templated growing process combines plant genetics, nutrients, soil and setup.



## Cultivation & Processing

We are one of the lowest-cost producers in cultivation and processing, skilled at taking flower and derivatives in their raw form and turning them into finished packaged goods.



## Purchasing

We have consolidated the sourcing and purchasing of all of the pre-mix ingredients for derivative products which strengthens our planning and affords us price breaks.



## Packaging

Our standard operating procedures reduce waste and increase efficiency in weight management and packaging, with lower labor requirements and higher volumes.



## Retail

Our model incorporates retail and hospitality best practices, and is designed to scale the customer experience, not just our footprint.

## **Winning in Washington**

For the past six years, 4Front has created a dominant position in Washington State – one of the most competitive and low-priced markets in the country while maintaining very attractive margins and profitability.

**260\***

**Retail locations  
carrying  
product line**

**#1**

**Edibles  
manufacturer**

**#2**

**Producer of  
flower**

**#2**

**Overall  
Market share**

\* monthly average

## Spotlight on California



**4Front is developing the world's largest cannabis processing facility in Commerce, CA**

**State-of-the-art 170,000ft<sup>2</sup> manufacturing-only facility will begin serving the \$3B CA market in Q2 2021**

Advanced automation and low-cost production capabilities will improve efficiency and production capacity of the Washington model by an order of magnitude

Signed distribution agreement with Nabis, a leading distributor of cannabis products, covering 99% of licensed retailers in the state at more than 750 dispensaries

Commencement of operations will bring first suite of edibles, tinctures, capsules, infused pre-rolls and vape products to California retail shelves



# ❖ Our formula for product development

**The Future is  
finished goods.**

**Evaluating  
customer  
demand.**

**Speed and  
agility.**

# Our formula for product development

## The Future is finished goods.

We are focused on long-term brand success by developing finished goods, such as edibles, vapes, tinctures and capsules, as well as flower.



# ❖ Our formula for product development

## Evaluating customer demand is key to efficient product development.

We develop multiple flavours of edibles, and analyze market data to determine the best performing flavours and products. We use these insights to expand and refine product offerings, and in the development of new lines and products.





# ❖ Our formula for product development

**Speed and agility in getting products to market is key.**

4Front actively monitors the market for product gaps, and using our skillsets and standardized process, we can quickly capitalize, creating a finished product in a four to six week time span.





# ❖ Building trusted brands

## Consistency is key

Customers want predictability in their purchases, and this is especially true in the cannabis industry. We believe consistency is an important predictor of overall customer experience and loyalty.

That's why we take great pains to deliver the same taste and experience in all of our products, regardless of where the customer purchases them.

**Using advanced growing techniques and proprietary manufacturing processes we can offer reliable, safe products that can be trusted to deliver a consistent experience every time.**

Available in a wide variety of strains, dosages, flavors and formats to suit a range of needs.





# Mission Retail

## A mission to serve

Mission Dispensaries serves as the retail component in our vertically integrated model. These storefronts provide a high-touch venue for building brand awareness of our products, nurturing customer loyalty, and extending brand engagement. Mission dispensaries operate in states where retail makes good business sense.

**Mission dispensaries operate in Illinois, Massachusetts and Michigan**

**Provisioning medical and adult-use cannabis in a collaborative, safe, and inspiring environment.**

**Promoting the healing power of the plant through advocacy, education, and research.**





# ❖ We stand for our mission

## Our commitment to social justice

4Front is the largest cannabis industry supporter of **Students for Sensible Drug Policy**. In addition to a substantial annual financial donation, 4Front maintains close ties to SSDP's network via mentorship, employment, and programmatic support. 4Front founder **Kris Krane** serves as Treasurer of SSDP's board of directors.

4Front launched an immediately impactful partnership with **Last Prisoner Project** in January, raising about \$700 a week per store, with plans to continue to expand and evolve the partnership.

4Front is a participant and donor to the **Marijuana Policy Project's Policy Council**, and participates in MPP's social equity policy development work.

4Front sits on the **NCIA** policy council with Kris Krane acting as company liaison.



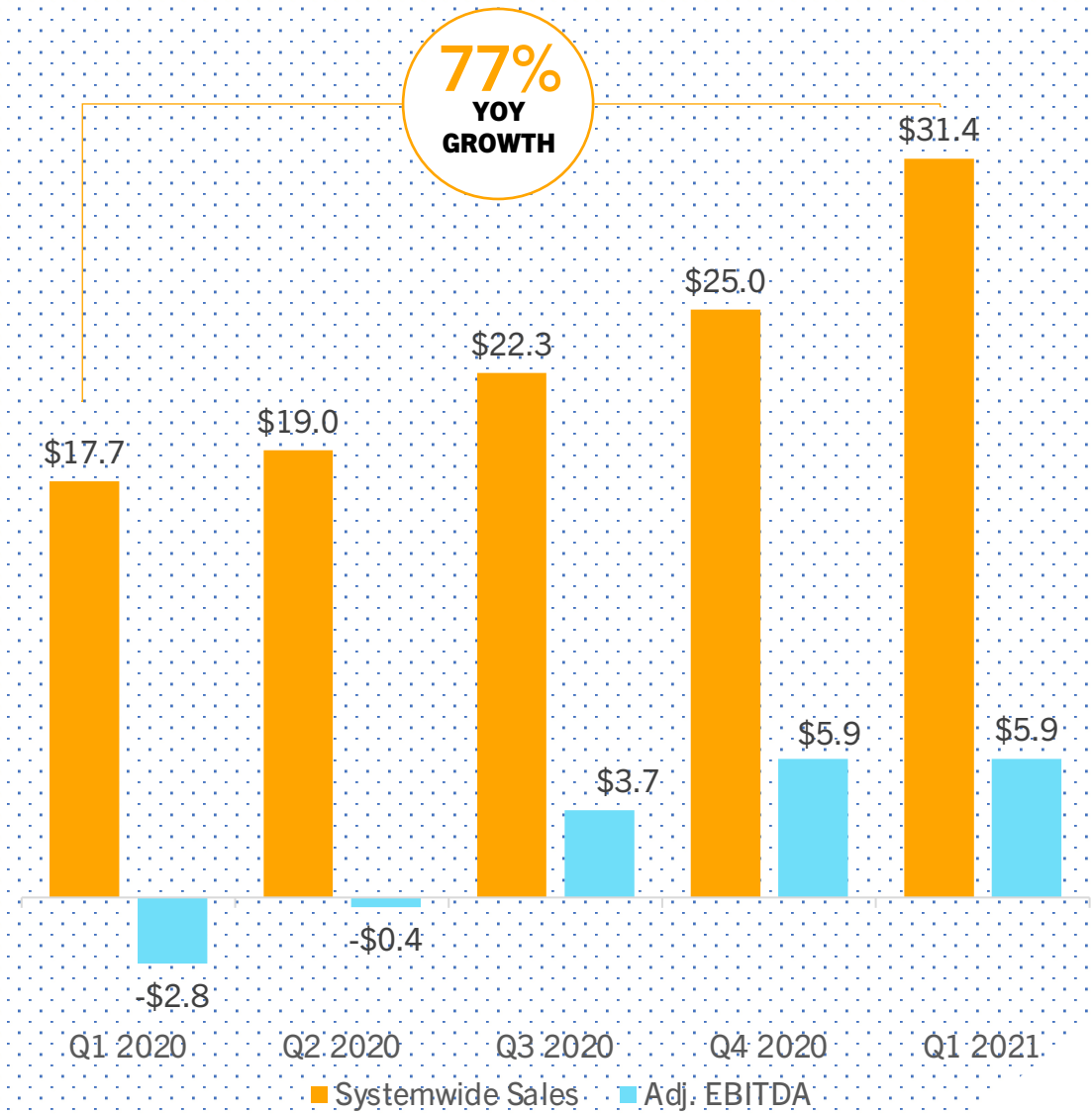
Elected Official: Congressman Earl Blumenauer (D-Oregon)



# Financial overview



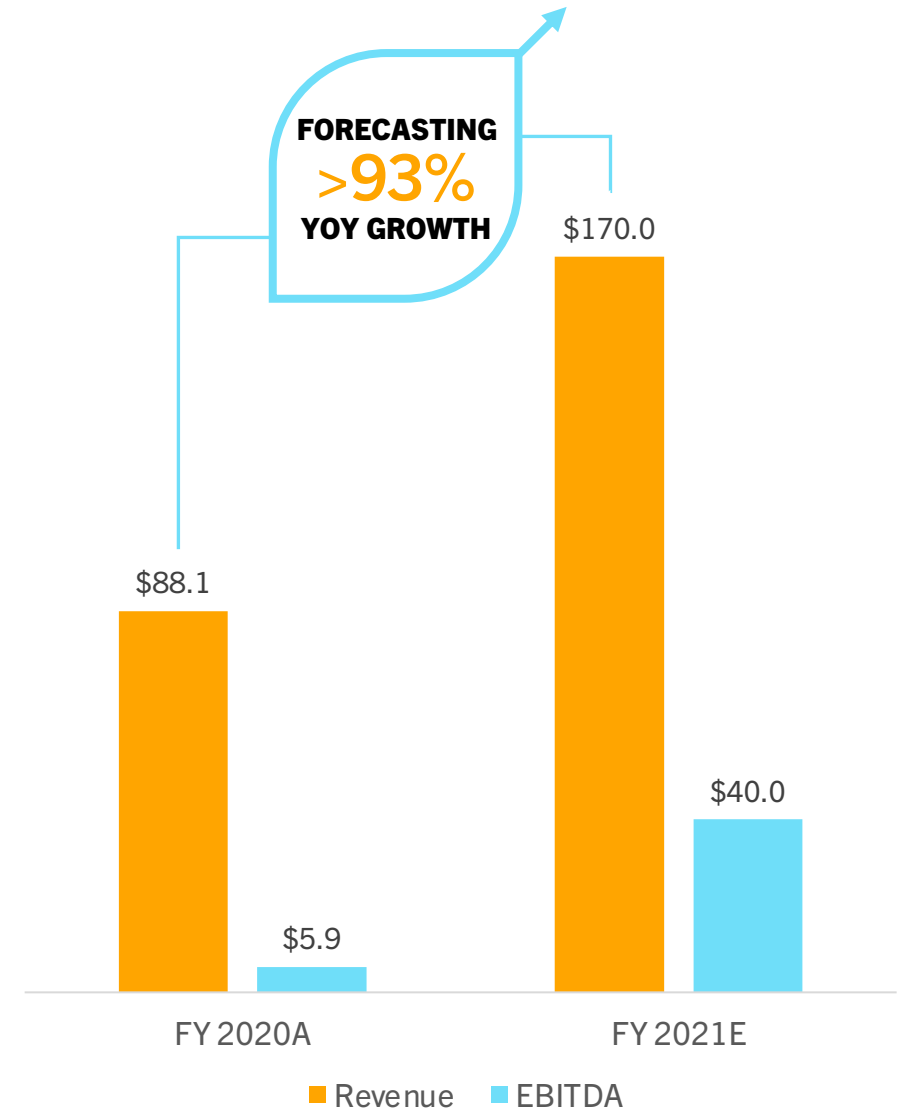
# ❖ 2020-2021 quarterly financial results



## ❖ FY 2021 guidance

**Currently forecasting Full Year 2021 systemwide pro forma revenue of \$170-180 million and Adjusted EBITDA of \$40-50 million.**

**This forecast includes current operations plus the opening of the Brookline, MA dispensary and the Commerce, CA production facility in Q2 of 2021.**





# Capitalization table

4Front Shares I/O	Fully Diluted Share Count
Subordinate Voting Common (As-Converted)	592,139,699
Multiple Voting Shares (As-Converted)	1,276,208
<b>TOTAL Basic Shares Outstanding</b>	<b>593,415,907</b>
<i>Dilutive Securities</i>	
Options (CAD \$0.10 - \$1.63)	57,298,560
Warrants (CAD \$0.70 - \$1.99)	40,350,629
Total Dilutive Securities	97,649,189
<b>TOTAL Fully Diluted Shares</b>	<b>691,065,096</b>
<b>Fully Diluted Shares (Treasury Method)</b>	<b>630,781,289</b>



# Operational leadership



**Leo Gontmakher**  
**CEO**

Leo co-founded Northwest Cannabis Solutions, which under his leadership grew to be one of the largest and most successful producers of cannabis products in Washington state. He also served as Chief Operating Officer at Cannex, which merged with 4Front in July 2019. Before entering the cannabis industry, he served on the senior management team at North America's largest processor and distributor of specialized seafood products.



**Karl Chowscano “Karlos”**  
**President**

Karlos joined 4Front in 2015 as a major investor and board member. He is a former executive director of the Aquilini Investment Group in Vancouver, B.C.; and former Chief Strategy Officer of Spear Education. Earlier in his career, Karlos was a partner and international tax attorney at Thorsteinssons, the largest law firm in Canada focused exclusively on tax law.



**Kris Krane**  
**President, Mission Disp.**

Prior to co-founding 4Front Advisors with Josh Rosen in 2011, Kris served as director of client services for CannBe, a pioneer in developing best practices within the medical cannabis industry. Kris has dedicated his career to reforming the nation's misguided drug policies, having served as associate director of NORML from 2000 to 2005 and executive director of Students for Sensible Drug Policy from 2006 to 2009.



**Andrew Thut**  
**CIO, 4Front**

Andrew was an early investor in 4Front, joining the company full time in 2014. He brings to the team a wealth of financial-management experience and business acumen having previously served as managing director of the BlackRock Small Cap Growth Fund at BlackRock Advisors LLC. During his 11- year involvement, the \$2 billion fund ranked in the top five percent of all domestic small cap growth funds.



**Joe Feltham**  
**COO**

Joe joined 4Front in 2014 and was appointed as COO in 2020. He has brought a wealth of experience and support in financial analysis, market research and operations support and is instrumental in implementing new processes and projects for the company. Joe also works closely with Neighborhood Housing Solutions, a non profit corporation to assist low income families find safe and affordable housing in Arizona.





# The opportunity to execute

## 4Front is at an inflection point

### **Growing footprint and brand recognition in major cannabis markets**

Sharpened corporate focus on 5 large markets, Washington, Illinois, Massachusetts, Michigan and California

### **Proven low-cost cultivation and production model**

Proven production model that is both replicable and scalable in new markets

### **Laser-focused on profitable growth**

Cash flow positive since August 2020 with positive adjusted EBITDA since Q3 2020

Poised to show significant operating leverage in 2021

### **Focus on adaptability and innovation in product development**

Consumer-led product development and proven track record of adapting product portfolio to meet emerging customer demands

### **Ownership**

Inside ownership over 40%, fully aligned to maximize shareholder value



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