

## CONSENT, WAIVER AND AMENDMENT

TO: **GLAS USA LLC, as administrative agent**

Email: ClientServices.Americas@glas.agency

RE: Credit Agreement dated as of January 16, 2019 between, *inter alios*, DionyMed Brands Inc. (the “**Borrower**”), as borrower, the lenders party thereto and GLAS USA LLC, as administrative agent (the “**Administrative Agent**”) as amended and modified to date including without limitation by (i) the consent and waiver dated January 30, 2019 among the Credit Parties, a Lender and the Administrative Agent; (ii) the consent and waiver dated February 14, 2019 among the Credit Parties and the Administrative Agent; (iii) the consent and waiver dated February 28, 2019; (iv) the amending agreement dated July 18, 2019 among the Credit Parties and the Administrative Agent; (v) the consent dated July 18, 2019 granted by the Administrative Agent to the Borrower; (vi) the consent, waiver, and amendment dated July 30, 2019; (vii) the waiver dated August 20, 2019; and (viii) the supplemental agreements dated August 21, 2019 pursuant to which Herban CA 2 LLC and Gourmet Green Room, Inc. became parties (the “**Credit Agreement**”)

### Waiver Requests

Pursuant to Section 5.1(g)(iii) of the Credit Agreement, the Borrower shall, and shall cause each of the other Credit Parties to, apply for and obtain each Business Authorization on or before such time as it shall be required by Applicable Law, maintain as valid and in full force and effect each Business Authorization, where applicable, procure the renewal thereof prior to its expiration and timely pay all Taxes, assessments, maintenance fees and other amounts required to be paid to maintain the Business Authorizations.

Hometown Heart’s licence A9-18-0000032-TEMP (the “**Hometown Heart Licence**”) expired on August 19, 2019. The Bureau of Cannabis Control has approved Hometown Heart’s application M9-18-0000278-APP for a provisional license pursuant to Business and Professions Code section 26050.2 (the “**Hometown Heart Provisional Licence**”), subject to a license fee of \$[REDACTED] [*confidential information*] being paid.

Pursuant to Section 5.1(l) of the Credit Agreement, the Borrower is required to acquire for cancellation a certain gross sales royalty by September 2, 2019. The Borrower does not anticipate completing the purchase transaction by such date.

Pursuant to Section 5.1(s) of the Credit Agreement, within 15 Business Days of the formation or acquisition by a Credit Party of a subsidiary, the Borrower shall, among other things, cause the subsidiary to become a Credit Party and duly execute and deliver a guarantee and Security Documents along with all corporate documents as required under the Credit Agreement. Pursuant to Section 9.3(1) of the Credit Agreement, newly acquired or formed subsidiaries of a Credit Party become party to the Credit Agreement by executing and delivering

to the Administrative Agent a Supplement to the Credit Agreement in substantially the form attached as Exhibit 8 to the Credit Agreement.

Herban Industries, Inc. has formed three new subsidiaries (collectively, the “**New Subsidiaries**” and, each, a “**New Subsidiary**”), being (i) Herban Industries NV LLC (“**Herban NV**”), (ii) Herban Industries CO LLC (“**Herban CO**”) and (iii) Herban Industries MI LLC (“**Herban MI**” and, together with Herban CO, the “**Non-Operational Entities**”). Herban NV was formed on January 10, 2019, Herban CO was formed on April 16, 2019 and Herban MI was formed on November 29, 2018. The Non-Operational Entities are not carrying on business and have no Assets or liabilities. Herban NV recently commenced carrying on business, has minimal Assets or liabilities, and has generated minimal revenue to date.

Pursuant to Section 5.2(p) of the Credit Agreement, the Borrower shall not, and shall ensure that no other Credit Party shall, permit any Bank Account or securities account to exist or be established unless such deposit account is a Blocked Account in favour of the Collateral Agent, and satisfactory in form and substance to, the Majority Lenders.

Certain Credit Parties hold deposit accounts, as listed below, that are not Blocked Accounts (collectively, the “**Additional Accounts**”):

[REDACTED] [*confidential information*]

In light of the foregoing, the Borrower hereby requests that the Administrative Agent, for and on behalf of all Lenders,

- (a) waive any Default or Event of Default resulting from the failure of the Credit Parties to comply with the requirement under Section 5.1(g)(iii) to maintain the Hometown Heart Licence as valid and in full force and effect and to procure the renewal thereof prior to its expiration, provided that Hometown Heart obtains the Hometown Heart Provisional Licence no later than October 1, 2019 (or such later date as the Majority Lenders may agree);
- (b) consent to the extension of the deadline to acquire the gross sales royalty referred to in Section 5.1(l) of the Credit Agreement to November 1, 2019;
- (c) waive the requirements under Section 5.1(s) and Section 9.3(1) of the Credit Agreement for any of the New Subsidiaries to make the deliveries contemplated therein, provided that (i) the Borrower shall notify the Administrative Agent promptly after any New Subsidiary generates revenue in an aggregate amount of at least US\$[REDACTED] [*confidential information*], and (ii) the Borrower shall cause such New Subsidiary to cause all deliveries required under Section 5.1(s) and Section 9.3(1) of the Credit Agreement with respect to the formation of such New Subsidiary to be made within 15 Business Days of the date on which such New Subsidiary generates revenue in an aggregate amount of at least US\$[REDACTED] [*confidential information*] (or such later date as the Majority Lenders may agree);

- (d) waive the requirement under Section 5.2(p) of the Credit Agreement for the Borrower to deliver blocked account agreements from the applicable account banks over the Additional Accounts or any deposit accounts that the Credit Parties existing under the laws of the United States of America may open in the United States of America after the date hereof (the “**Future Accounts**”), provided that the Credit Parties undertake not to cause or permit the cash balance in the Additional Accounts, Future Accounts, and any Bank Accounts of the Credit Parties at [REDACTED] [confidential information] (collectively, the “**Exempt Accounts**”) to exceed US\$[REDACTED] [confidential information] in the aggregate; and
- (e) waive any Default or Event of Default arising solely from the Borrower’s failures described expressly herein to satisfy its obligations under Section 5.1(g)(iii), Section 5.1(s), Section 9.3(1), and Section 5.2(p) of the Credit Agreement, or any incorrect representation or warranty in the Credit Agreement in connection with such failures,
- (the foregoing paragraphs (a) through (e), collectively, the “**Waiver Requests**”).

Further to paragraphs (b) and (d), above, Section 5.1(l) of the Credit Agreement is hereby amended by deleting “September 2, 2019” and replacing it with “November 1, 2019”, and Section 5.2(p) of the Credit Agreement is hereby amended by deleting the third sentence of such Section 5.2(p) and replacing it with the following:

“The Borrower shall not, and shall ensure that no other Credit Party shall, cause or permit the cash balance in the Exempt Accounts (as such term is defined in the consent, waiver and amendment between the parties hereto dated August 29, 2019) at any time to exceed US\$[REDACTED] [confidential information] in the aggregate, and the Credit Parties shall, from time to time upon request, deliver to the Majority Lenders account statements issued by the applicable account banks with respect to the balances of such Exempt Accounts.”

The Borrower acknowledges that the waivers granted by the Administrative Agent, for and on behalf of all Lenders, pursuant hereto are and will be effective only for the Waiver Requests, as described herein, and are not a consent to, or a waiver of, any preceding or succeeding breach of Section 5.1(g)(iii), Section 5.1(l), Section 5.1(s), Section 9.3(1), and Section 5.2(p) of the Credit Agreement, as applicable, or any other covenant or provision of the Credit Agreement.

Execution of this Consent, Waiver and Amendment by the Administrative Agent, on behalf of all Lenders, shall evidence their agreement to the Waiver Requests.

Increase in Principal Amount of Term Facility

The Borrower has requested, and certain of the Lenders have agreed to make available, an additional Advance under the Term Facility in the principal amount of US\$1,350,000, subject to the terms and conditions contained herein and in the Credit Agreement, provided that, notwithstanding Section 2.3 of the Credit Agreement, no fee payable by the issuance of Warrants shall apply with respect to such Advance. In order to provide for such Advance under the Credit Agreement:

- (a) Recital (b) of the Credit Agreement is hereby amended by deleting “\$2,000,000” and replacing it with “\$3,350,000”; and
- (b) Section 2.1(2) of the Credit Agreement is hereby amended by deleting “\$2,000,000” and replacing it with “\$3,350,000”

(the foregoing paragraphs (a) and (b), together, the “**Term Facility Commitment Amendment**”).

#### General

To induce the Administrative Agent to enter into this Consent, Waiver and Amendment, each Credit Party represents, warrants and covenants to the Administrative Agent and the other Secured Creditors as follows, which representations, warranties and covenants shall survive the execution and delivery hereof:

(a) All necessary action has been taken to authorize the execution, delivery and performance of this Consent, Waiver and Amendment. This Consent, Waiver and Amendment has been duly executed and delivered by such Credit Party and constitutes legal, valid and binding obligations of such Credit Party enforceable against it in accordance with its terms;

(b) The execution and delivery by such Credit Party and the performance by it of its obligations under this Consent, Waiver and Amendment will not conflict with or result in a breach of any of the terms or conditions of its constating documents or by-laws, any Applicable Law or any contractual restriction binding on or affecting it or its Assets;

(c) Each of the representations and warranties contained in Article 4 of the Credit Agreement and in any other Credit Document are true and correct on the date hereof as if they were made on such date except for (i) any representation and warranty which is stated to be made only as of a certain date (and then as of such date); and (ii) the representation and warranty in Section 4.1(dd) of the Credit Agreement, which shall be true and correct after giving effect to this Consent, Waiver and Amendment;

(d) No Default or Event of Default exists under the Credit Agreement after giving effect to this Consent, Waiver and Amendment;

(e) (i) The Non-Operational Entities do not have any Assets or liabilities and do not carry on business, (ii) Herban NV has generated revenue to date of less than US\$[REDACTED] [*confidential information*] in the aggregate, and (iii) all other information with respect to the Credit Parties and their Assets set out in this Consent, Waiver and Amendment is true and correct;

(f) Attached hereto as Schedule A is a corporate chart which sets out, as of the date hereof, all subsidiaries of the Credit Parties and all shareholders of such subsidiaries;

(g) Hometown Heart shall obtain the Hometown Heart Provisional Licence no later than October 1, 2019 (or such later date as the Majority Lenders may agree);

(h) None of the Borrower, HomeTown Heart, DionyMed Inc., Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC or Herban Industries NJ LLC (“**Original Credit Party**”) shall make any Investment in, become indebted to or otherwise make Restricted Payments to, any Credit Party that has not guaranteed the obligations of the Borrower and granted first-ranking Liens over its Assets in accordance with Section 5.1(s) of the Credit Agreement (each, a “**Non-Original Party**”), provided that Original Credit Parties may make Investments in, become indebted to or otherwise make Restricted Payments to Non-Original Parties in an aggregate amount not exceeding US\$[REDACTED] [*confidential information*];

(i) As at the date hereof (prior to any Advance pursuant to the Term Facility Commitment Amendment referred to below), Advances under the Term Facility in the aggregate principal amount of US\$15,000,000 are outstanding to the Borrower, which principal amount bears interest at a rate per annum, during each Interest Period, equal to the sum of the LIBOR Rate for such Interest Period plus 10% per annum (in the absence of any Event of Default). Upon the Term Facility Commitment Amendment becoming effective and the relevant Lender making the additional Advance in the principal amount of US\$1,350,000, the principal amount of \$16,350,000 and all accrued and unpaid interest thereon will be outstanding under the Term Facility and payable by the Borrower pursuant to the Credit Agreement; and

(j) The Credit Agreement, as modified pursuant hereto, and each of the other Credit Documents to which such Credit Party is a party remains in full force and effect, unamended, and is enforceable against such Credit Party in accordance with its terms; the guarantee granted by such Credit Party, as applicable, in favour of the Secured Creditors extends to all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Secured Creditors or any one or more of them, in any currency, under or in connection with or pursuant to the Credit Agreement, as modified pursuant hereto; and the security interests, assignments, mortgages, charges, hypothecations and pledges granted by such Credit Party in favour of the Collateral Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by each such Credit Party to the Secured Creditors, pursuant to the Credit Agreement, as modified pursuant hereto, and the other Credit Documents to which such Credit Party is a party.

This Consent, Waiver and Amendment shall become effective upon the following conditions being satisfied:

- (a) duly executed signature pages for this Consent, Waiver and Amendment shall have been delivered to the Administrative Agent;
- (b) the representations and warranties contained herein shall be true and correct; and
- (c) solely with respect to the Term Facility Commitment Amendment:

(i) the Lender Joinder for the Lender making the additional Advance contemplated herein (the “**Increasing Lender**”) shall have been amended and/or restated to increase its Term Facility Commitment to US\$15,350,000;

(ii) the Borrower shall have delivered a Borrowing Notice in accordance with Section 2.1(4) of the Credit Agreement in form and substance satisfactory to the Lender being requested to make the relevant Advance; and

(iii) all Fees and other amounts payable under the Credit Agreement have been paid in full.

Except to the extent expressly set forth herein, (a) the execution, delivery and effectiveness of this Consent, Waiver and Amendment and any consents, waivers and amendments set forth herein shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Credit Agreement or any other Credit Document; (ii) amend, modify or operate as a waiver of any provision of the Credit Agreement or any other Credit Document or any right, power or remedy of any Secured Creditor thereunder; or (iii) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument; and (b) the Secured Creditors reserve all of their respective rights, powers and remedies under the Credit Agreement, the other Credit Documents and Applicable Law.

All capitalized terms defined in the Credit Agreement and used herein shall have the meaning ascribed thereto in the Credit Agreement. The insertion of headings herein is for convenient reference only and is not to affect the interpretation of this Consent, Waiver and Amendment.

This Consent, Waiver and Amendment is a Credit Document.

This Consent, Waiver and Amendment is governed by the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

*[Signature Page to Follow]*

DATED the 29 day of August, 2019.

**DIONYMED BRANDS INC.**

By: (signed) Peter Kampian \_\_\_\_\_  
Name: Peter Kampian  
Title: Chief Financial Officer

**DIONYMED INC.**

By: (signed) Peter Kampian \_\_\_\_\_  
Name: Peter Kampian  
Title: Chief Financial Officer

**HERBAN INDUSTRIES, INC.** on behalf of  
itself and each of the following Credit Parties,  
as sole manager:

**HERBAN INDUSTRIES CA LLC**  
**HERBAN INDUSTRIES OR LLC**  
**HERBAN INDUSTRIES NJ LLC**

By: (signed) Peter Kampian \_\_\_\_\_  
Name: Peter Kampian  
Title: Chief Financial Officer

**HERBAN CA 2 LLC**

By: (signed) Peter Kampian \_\_\_\_\_  
Name: Peter Kampian  
Title: Chief Financial Officer

**GOURMET GREEN ROOM, INC.**

By: (signed) Yolanda Celi

Name: Yolanda Celi

Title: Executive Vice President

**HOMETOWN HEART**

By: (signed) Evan Tenenbaum

Name: Evan Tenenbaum

Title: Assistant Secretary

Acknowledged and Agreed this 29 day of August, 2019.

**GLAS USA LLC, as Administrative Agent**

By: (signed) Yana Kislenko

Name: Yana Kislenko

Title: Vice President

**Schedule A**  
**Organizational Chart**

(See attached)

Corporate Structure Chart as of August 22, 2019

