DECIBEL CANNABIS COMPANY INC.

Management's Discussion and Analysis

March 31, 2025

This Management's Discussion and Analysis ("MD&A"-) of the financial condition and results of operations of Decibel Cannabis Company Inc. and its subsidiaries (the "Company" or "Decibel") is dated as of May 21, 2025.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended March 31, 2025, and 2024, inclusive of the accompanying financial statements notes (the "Consolidated Financial Statements"), all of which were prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Readers should also refer to the "Forward-looking information" legal advisory and "Cautionary Statement Regarding Certain Non-GAAP Measures" cautionary statement at the end of this MD&A.

Certain financial terms and measures contained in this MD&A are "specified financial measures" (as such term is defined in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure ("NI 52-112")). The specified financial measures referred to in this MD&A are comprised of "non-GAAP financial measures" and "capital management measures" (as such terms are defined in NI 52-112). These measures are defined, qualified, and where required, reconciled with the nearest GAAP measure in the "Non-GAAP and Other Financial Measures" section of this MD&A.

The non-GAAP financial measures used herein do not have a standardized meaning prescribed by GAAP. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that the non-GAAP financial measures should not be considered in isolation nor as an alternative to net income or other financial information determined in accordance with GAAP, as an indication of the Company's performance.

All financial amounts and measures are expressed in Canadian dollars unless otherwise indicated.

This MD&A has been prepared with reference to the National Instrument 51-102 Continuous Disclosure Obligations established by the Canadian Securities Administrators. Additional information concerning Decibel, including its Consolidated Financial Statements can be found on SEDAR+ at www.sedarplus.ca.

Company Overview

Decibel is a vertically integrated cannabis company with three licensed cultivation facilities and a licensed manufacturing facility. The common shares of Decibel ("Common Shares") trade on the TSX Venture Exchange ("TSX-V") under the ticker symbol "DB" and on the OTCQB Venture Market under the symbol "DBCCF".

Description of the Business and Corporate Strategy

Decibel's strategy is to develop Canadian and international sales channels and cannabis brands, focused on craft flower and ready to consume cannabis products including vapes, cannabis infused pre-rolls, pre-rolls, edibles, and other value add products. Two components of this strategy, among others, are:

i) cannabis cultivation, processing, and sale of cannabis flower products both domestically and internationally; and
ii) extraction, processing, and manufacturing of a variety of cannabis derivative products sold both domestically and internationally.

Cannabis Cultivation

Creston Facility

The Creston indoor cultivation facility consists of 14,000 square feet of dedicated grow areas and 12,000 square feet of production support areas located in Creston, British Columbia (the "Creston Facility"). The Company received a licence to grow, harvest, trim and store medical cannabis from Health Canada becoming a licensed producer on August 25, 2017. On October 16, 2018, Health Canada approved an amendment to the licence to allow the Company to, in addition to growing, harvesting, trimming and storing cannabis, also sell or provide dried cannabis, fresh cannabis, cannabis plants and cannabis seeds in both recreational and medical markets. On November 14, 2022, the Creston Facility received its Good Agricultural and Collection Practices (GACP) certification.

Thunderchild Facility

The Thunderchild indoor cultivation facility consists of 80,000 square feet of indoor cultivation, packaging and processing space, located in Battleford, Saskatchewan (the "Thunderchild Facility"). On January 29, 2021, Decibel's wholly owned subsidiary, dB Thunderchild Cultivation LP, which owns and operates the Thunderchild Facility, received a cultivation license from Health Canada to grow, harvest, trim, store cannabis, and sell for medical purposes. On June 29, 2022, the Thunderchild Facility received its CUMCS Equivalency IMC-G.A.P. certification to support the Company's international expansion.

AgMedica Facility

The AgMedica indoor cultivation facility consists of 115,000 square feet of indoor cultivation, packaging, and processing space, located in Chatham, Ontario (the "AgMedica Cultivation Facility"). On October 28, 2024, Decibel acquired the AgMedica Cultivation Facility to accelerate Decibel's international strategy. The AgMedica Cultivation Facility has a Health Canada license to grow, harvest, process, store, and sell cannabis in both recreational and medical markets, CUMCS Equivalency IMC-G.A.P. certification, and an EU GMP.

Decibel acquired AgMedica pursuant to an assignment agreement entered into with Callisto Capital Corp. ("Callisto") in exchange for a $6.3 million unsecured convertible debenture. The convertible debenture converted into 114,545,455 Common Shares on December 3, 2024, following receipt of final approval from the TSX-V for the AgMedica acquisition. In connection with the acquisition of AgMedica, Decibel entered into a five year industrial lease for the AgMedica Cultivation Facility.

Extraction and Manufacturing of Cannabis Derivative Products

Decibel has a large-scale cannabis extraction, processing, and manufacturing facility in Calgary, Alberta (the "**Plant**"). The Plant is a 60,000 square foot facility with approximately 24,000 square feet of Health Canada licensed space. On July 13, 2020, the Company received a sales amendment from Health Canada for the ability to manufacture and sell dried cannabis, cannabis extracts, and edible cannabis as finished cannabis products to provincial wholesalers and retailers. On March 14, 2022, Decibel announced the completion of the construction of Phase 1 of its processing hub expansion at the Plant, received its Health Canada license on May 2, 2022. The Phase 1 area includes newly automated processing and packaging lines for infused pre-roll products, packaging automation, and labeling automation, accompanied by significantly reduced labour and logistics costs.

Decibel engages in processing, manufacturing, and packaging activities at the Plant. Currently, the Company sells vape cartridges, cannabis infused products, pre-rolls, and cannabis extracts (also known as concentrates) from the Plant.

Sales Channels and Brands

The Company sells through two channels: (1) domestic branded cannabis goods sold to provincial wholesalers for distribution with the end customers being cannabis consumers; and (2) exports to international partners of branded cannabis goods, services related to exporting cannabis goods, and bulk cannabis exports.

Domestic Sales Channel

Decibel has entered into supply agreements with each of the Alberta Gaming, Liquor and Cannabis Commission, the Ontario Cannabis Retail Association, the British Columbia Liquor Distribution Board, the Manitoba Liquor & Lotteries Corporation, and has also agreed to supply Cannabis Products to the Prince Edward Island Cannabis Management Corporation and Cannabis New Brunswick. The Company is registered as a cannabis supplier in Saskatchewan.

Decibel has two cannabis derivative product brands, General Admission and Vox.

Decibel has three dried cannabis brands, two positioned as premium brands, Qwest, and Qwest Reserve, and one positioned as a core-segment brand, General Admission.

International Sales Channel

Decibel has entered into supply agreements and exported to various customers in seven countries including Australia, Germany, United Kingdom, Israel, Spain, Denmark, and Norway. The Company exports dried flower, vapes cartridges, cannabis oils, and other products in both packaged and bulk formats subject to each country's regulations.

Decibel currently has two brands with an international presence, Qwest and General Admission.

In January 2024, the Israeli government issued a notification naming Canadian cannabis companies, including Decibel, indicating the launch of an "anti-dumping" investigation in respect of Canadian cannabis exports to Israel (the "Anti-Dumping Investigation"). The Company was named in the investigation and is participating in the investigation, which is voluntary. A finding of "dumping" under international trade law could result in the imposition of a dumping duty on Israeli importers of Canadian cannabis exports by companies whose pricing practices are determined to violate anti-dumping laws. For more information, see "Risk Factors" in Decibel's Management's Discussion and Analysis for the year ended December 31, 2024, available on SEDAR+ at www.sedarplus.ca.

Discontinued Retail Operations and Location

During the period ending December 31, 2024, Decibel owned and operated, through a wholly owned subsidiary, six Prairie Records cannabis retail stores in Saskatchewan and Alberta ("**Prairie Records**"). There were three Prairie Records stores located in Saskatchewan, with two stores located in Saskatoon and one in Warman. Prairie Records also operated an e-commerce cannabis platform servicing the Province of Saskatchewan. There were three Prairie Records stores in Alberta, with two stores located in Calgary and one located in Edmonton.

On April 10, 2024, the Company completed its sale of the Company's Prairie Records Retail assets to Fire and Flower Inc., a wholly owned subsidiary of 2759054 Ontario Inc. d.b.a. FIKA (the "Prairie Records Retail Sale").

Annual and Quarterly Financial Information

Three months ended March 31,	2025	2024
(thousands of Canadian dollars, except where noted)		
Gross Canadian recreational sales [1]	$29,390	$32,303
Net Canadian recreational sales [1]	$19,011	$20,598
International sales [1]	$2,227	$355
Total		
Gross revenue	$31,617	$32,658
Net revenue	$21,238	$20,953
Gross profit before fair value adjustments	$10,589	$10,028
Gross margin before fair value adjustments	50%	48%
Adjusted EBITDA [2]	$3,456	$3,589
Net loss and comprehensive loss	($1,901)	($3,333)
Adjusted net income (loss) [2]	($149)	($3,477)
Cash flow from continuing operations	($711)	($21)
Free cash flow [2]	($1,229)	($551)
Adjusted free cash flow [2]	$935	$1,306
Per Share Metrics		
Income (loss) per share	-	-
Adjusted EPS [3]	-	($0.01)

[1] Supplementary financial measure. Refer to "*Cautionary Statement Regarding Certain Non-GAAP Measures*" for further details.
[2] Non-GAAP financial measure. Refer to "*Cautionary Statement Regarding Certain Non-GAAP Measures*" for further details.
[3] Non-GAAP ratio. Refer to "*Cautionary Statement Regarding Certain Non-GAAP Measures*" for further details.

- Net revenue for the three months ended March 31, 2025, was $21.2 million, an increase of 1% over the comparative period. Net revenue growth in the quarter was primarily a result of contributions from the AgMedica acquisition. Total sales contributed from AgMedica were $3.4 million.

- Gross profit before fair value adjustments for the three months ended March 31, 2025, was $10.6 million, an increase of 6% over the comparative period. Gross margin before fair value adjustments was 50% in the first quarter, compared to 48% over the comparative period.

- Adjusted EBITDA (as defined herein) for the three months ended March 31, 2025, was $3.5 million, a decrease of 4% over the comparative period. The decrease in Adjusted EBITDA for the quarter was primarily a result of the increase in SG&A from AgMedica, partially offset by the increase in gross profit before fair value adjustments. Adjusted EBITDA is a non-GAAP financial measure. Refer to *"Cautionary Statement Regarding Certain Non-GAAP Measures"* for further details.

- Net Canadian recreational sales for the three months ended March 31, 2025, were $19.0 million, a decrease of 8% over the comparative period. The decrease in net Canadian recreational sales is primarily attributable to increased competition in infused pre-roll products. During the first half of 2025, the Company launched additional products and undertook a marketing campaign to combat declines in these segments and grow in other categories, including: a proudly Canadian campaign, reinvesting in growing the Qwest brand presence, launching ultra high potency vapes and infused pre-rolls, new large format all-in-one disposable vapes, and milled flowers.

- International sales for the three months ended March 31, 2025, were $2.2 million, an increase of 527% over the comparative period. The increase in international sales was primarily driven by the acquisition of AgMedica. Total sales contributed from AgMedica were $3.4 million of which $2.0 million were international sales and the remainder was sold domestically. The Company has pursued additional contracts related to cannabis exports to international markets and anticipates contributions from these activities in the second quarter of 2025.

- Adjusted Net income (loss) (as defined herein) for the three months ended March 31, 2025, was negative $0.1 million, an increase of $3.3 million over the comparative period. The increase in Adjusted Net Income was driven improvements in gross profit before fair value expenses and $nil net income related to discontinued operations, partially offset by SG&A and higher depreciation and amortization. Adjusted Earnings per Share for the three months ended March 31, 2025, was $nil, flat relatively to the comparative period. Adjusted Net Income is a non-GAAP financial measure. Refer to *"Cautionary Statement Regarding Certain Non-GAAP Measures"* for further details.

- Cash flow from operations was negative $0.7 million for the three months ended March 31, 2025, a decrease of $0.7 million over the comparative period. The decrease in cash flow from operations is primarily attributable to changes in non-cash working capital which negatively impacted cash flows by $2.4 million.

Operations

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Gross revenue	31,617	32,658
Excise taxes	(10,379)	(11,705)
Net revenue	**21,238**	**20,953**
Cost of goods sold	(10,649)	(10,925)
Gross profit before fair value adjustments	**10,589**	**10,028**
Unrealized gain on changes in fair value of biological assets	3,987	4,595
Change in fair value of biological assets realized through inventory sold	(5,739)	(4,451)
Gross profit	**8,837**	**10,172**
Selling, general and administration	(7,731)	(7,164)
Depreciation and amortization	(1,642)	(1,243)
Share-based compensation	(187)	(63)
Income from operations	**(723)**	**1,702**
Finance costs	(689)	(772)
Foreign exchange loss	(196)	(90)
Other loss	(293)	(12)
Impairment loss	-	(672)
(Loss) income before income taxes	**(1,901)**	**156**
Current taxes	-	-
Deferred taxes	-	-
Net (loss) income and comprehensive (loss) income from continuing operations	(1,901)	156
Net loss and comprehensive loss from discontinued operations	-	(3,489)
Net loss and comprehensive loss	**(1,901)**	**(3,333)**

Net Revenue

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Gross Canadian recreational sales [1]	29,390	32,303
Excise taxes	(10,379)	(11,705)
Net Canadian recreational sales [1]	**19,011**	**20,598**
International sales [1]	2,227	355
Net revenue	**21,238**	**20,953**

Net revenue for the three months ended March 31, 2025, was $21.2 million, an increase of approximately 1% over the comparative period. Net revenue growth in the quarter was primarily a result of contributions from the AgMedica acquisition. Total sales contributed from AgMedica were $3.4 million of which $2.0 million were international sales and the remainder was sold domestically. The Company has pursued additional contracts related to cannabis exports to international markets and anticipates contributions from these activities in the second quarter of 2025. The decrease in net Canadian recreational sales is primarily attributable to increased competition in infused pre-roll products. During the first half of 2025, the Company launched additional products and undertook a marketing campaign to combat declines in these segments and grow in other categories, including: a proudly Canadian campaign, reinvesting in growing the Qwest brand presence, launching ultra high potency vapes and infused pre-rolls, new large format all-in-one disposable vapes, and milled flowers.

Excise Taxes

Three months ended March 31,	2025	2024
(thousands of Canadian dollars, except where noted)		
Gross Canadian recreational sales [1]	29,390	32,303
Excise taxes	10,379	11,705
Excise taxes as a percentage of gross Canadian	**35.3%**	**36.2%**

Excise taxes as a percentage of wholesale revenue decreased over the comparative periods due to increased sales of lower excise tax cannabis products. Historically, Decibel's Canadian recreational sales have been a higher proportion of derivative cannabis products relative to flower products. Derivative cannabis products are taxed based on milligrams of tetrahydrocannabinol whereas flower products are taxed on a flat rate, resulting in derivative cannabis products having a disproportionate amount of excise tax as a percentage of gross revenue relative to flower products.

Gross Profit before Fair Value Adjustments

Three months ended March 31,	2025	2024
(thousands of Canadian dollars, except where noted)		
Net revenue	21,238	20,953
Cost of goods sold	(10,649)	(10,925)
Gross profit before fair value adjustments	**10,589**	**10,028**
Gross margin before fair value adjustments	50%	48%

During the three months ended March 31, 2025, the Company incurred cost of goods sold of $10.6 million, resulting in a gross profit before fair value adjustments of $10.6 million. Gross margin before fair value adjustments was 50% in the first quarter, compared to 48% over the comparative period.

Unrealized Gain on Changes in Fair Value of Biological Assets

Unrealized gain on changes in fair value of biological assets represents the markup to fair value of biological assets as they are undergoing biological transformation. This fair value is determined as the expected sales price net of costs to sell and costs to complete. For the three months ended March 31, 2025, the Company recognized unrealized gains of $4.0 million, a decrease of 13% over the comparative period. The decrease over both periods is primarily attributable to price compression resulting from competition which reduces fair value per gram.

Change in Fair Value of Biological Assets Realized Through Inventory Sold

Change in fair value of biological assets realized through inventory sold is the fair value less costs to sell recognized during the biological transformation process related to cannabis inventory sold during the period. For the three months ended March 31, 2025, the Company recognized a change in the fair value of inventory sold of $5.7 million. The increase in fair value change over both periods was driven by price compression which reduces fair value per gram.

Selling, General and Administration

Details of the most significant expense items in SG&A, are as follows:

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Salaries, wages, and contracting fees	3,901	3,582
Office and general	2,003	1,251
Sales and marketing	1,604	1,868
Professional fees	218	463
Severance	5	-
Total selling, general and administration	**7,731**	**7,164**

SG&A expenses increased over the comparative periods primarily due to the acquisition of AgMedica, partially offset by decreases in recurring expenses including sales and marketing, and professional fees. This decrease was partially offset by increases in sales and marketing and professional fees.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Net loss and comprehensive loss	(1,901)	(3,333)
Unrealized gain on changes in fair value of biological assets	(3,987)	(4,595)
Change in fair value of biological assets realized through inventory sold	5,739	4,451
Depreciation and amortization	1,642	1,243
Share-based compensation	187	63
Other loss	293	12
Finance costs	689	772
Foreign exchange loss	196	90
Non-cash cost of goods sold[1]	598	732
Other adjustments[2]	-	4,154
Adjusted EBITDA[3]	**3,456**	**3,589**

[1] Relates to depreciation and amortization included in cost of goods sold, write downs of inventory to net realizable value, and abnormal waste. For the three months ended March 31, 2025, non-cash cost of goods sold was comprised of $0.6 million of depreciation and amortization (March 31, 2024 - $1.2 million) and $nil million in inventory write-downs (March 31, 2024 - $nil).
[2] Non-recurring income or expenses are added back in the Company's Adjusted EBITDA calculation for covenant reporting purposes. For the three months ended March 31, 2025, other adjustments were $nil (March 31, 2024 - $4.2 million).
[3] Non-GAAP financial measure. Refer to "*Cautionary Statement Regarding Certain Non-GAAP Measures*" for further details.

The decrease in Adjusted EBITDA for the quarter was primarily a result of the increase in SG&A resulting from the AgMedica acquisition. Refer to *"Cautionary Statement Regarding Certain Non-GAAP Measures"* for further details.

Adjusted Net Income (“Adjusted Net Income”)[1]

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Net loss and comprehensive loss	(1,901)	(3,333)
Unrealized gain on changes in fair value of biological assets	(3,987)	(4,595)
Change in fair value of biological assets realized through inventory sold	5,739	4,451
Adjusted net loss [1]	**(149)**	**(3,477)**
Weighted average number of shares outstanding	576,848,521	423,958,977
Adjusted EPS	**-**	**($0.01)**

[1] Non-GAAP financial measure. Refer to “*Cautionary Statement Regarding Certain Non-GAAP Measures”* for further details.

The increase in Adjusted Net Income was driven improvements in gross profit before fair value expenses and nil net income related to discontinued operations, partially offset by SG&A and higher depreciation and amortization.

Free Cash Flow (“Free Cash Flow”)[1]

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Cash used in continuing operating activities	(711)	(21)
Cash used in investing activities	(518)	(530)
Proceeds from the sale of Prairie Records Retail assets	-	-
Free cash flow [1]	**(1,229)**	**(551)**

[1] Non-GAAP financial measure. Refer to “Cautionary Statement Regarding Certain Non-GAAP Measures” in this MD&A for further details.

Free Cash Flow was negative $1.2 million for the three months ended March 31, 2025, a decrease of $0.7 million over the comparative period. Free Cash Flow decreased from a decline in cash used by continuing operating activities which declined due to changes in non-cash working capital.

Adjusted Free Cash Flow (“Free Cash Flow”)[1]

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Free cash flow [1]	(1,229)	(551)
Cash used in investing activities	518	530
Changes in non-cash working capital	2,403	2,023
Repayment of long-term debt	(757)	(696)
Adjusted free cash flow [1]	**935**	**1,306**

[1] Non-GAAP financial measure. Refer to “Cautionary Statement Regarding Certain Non-GAAP Measures” in this MD&A for further details.

Adjusted Free Cash Flow was $0.9 million for the three months ended March 31, 2025, a decrease of $0.4 million over the comparative period. Free Cash Flow decreased from a decline in Free Cash Flow.

Statement of Financial Position

Inventory

As at March 31, 2025, the Company had $42.1 million (March 31, 2024 - $41.8 million) in inventory related to cannabis cultivation products in varying stages and raw materials for the manufacturing of derivative cannabis products.

Other Current Assets

As at March 31, 2025, the Company had other current assets of $2.6 million (March 31, 2024 - $2.4 million). This balance is comprised of deposits for inventory purchases or services.

Other Long-term Assets

As at March 31, 2025, the Company had other long-term assets of $3.9 million (March 31, 2024 - $5.7 million). This balance is comprised of deposits for genetic purchases, insurance, and leases.

The genetics purchase agreement that Decibel entered into on January 1, 2021, allows the Company to purchase genetics assets from a non-arm's length third party over a three plus two-year optional term. Amounts are payable quarterly and are presented on the consolidated statements of financial position as deposits until such time that title of the intangible assets are transferred to the Company. The sub-lease receivable asset relates to a leased corporate head office real property location that has been sub-leased to a third party for a term of fifty-two months.

Capital Additions

For the three months ended March 31, 2025, the Company incurred the following:

- $0.4 million (2024 – $0.2 million) in construction costs. These additions relate expenditures incurred for construction relating to the cultivation facilities, in which a number of grow rooms are in varying stages nearing completion.
- $0.1 million (2024 - $0.1 million) in production equipment. These additions relate to facility upgrades to enhance quality and yields.

Right-of-Use Assets and Lease Liabilities

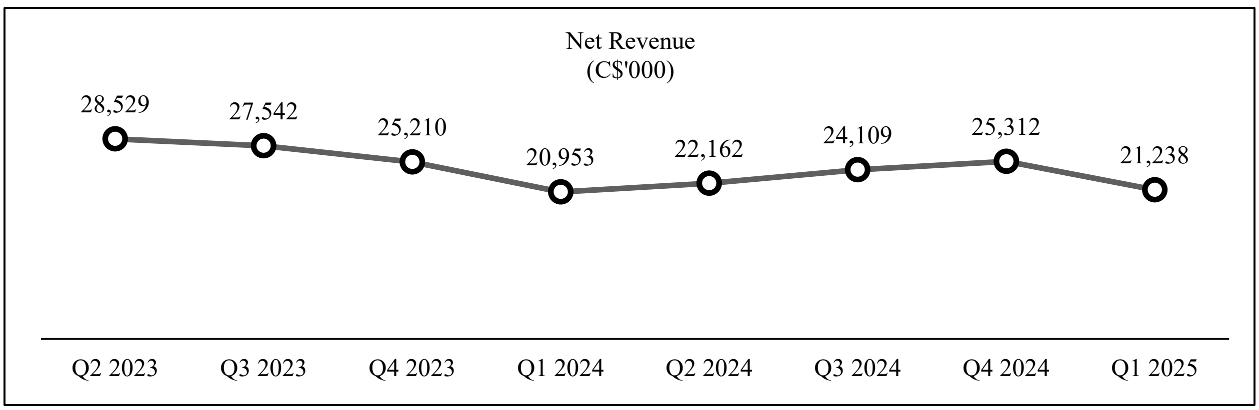
As at March 31, 2025, right-of-use assets totalled $9.9 million (March 31, 2024 - $10.6 million) and lease liabilities totalled $9.6 million (March 31, 2024 - $10.1 million). The decrease in right-of-use assets and lease liabilities was due to depreciation of the right-of-use assets and lease payments.

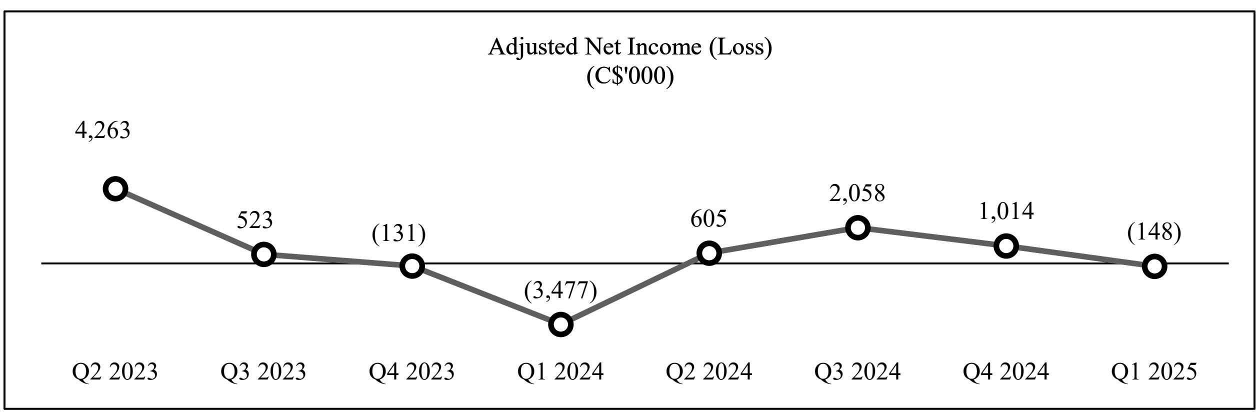
Summary of Quarterly Results

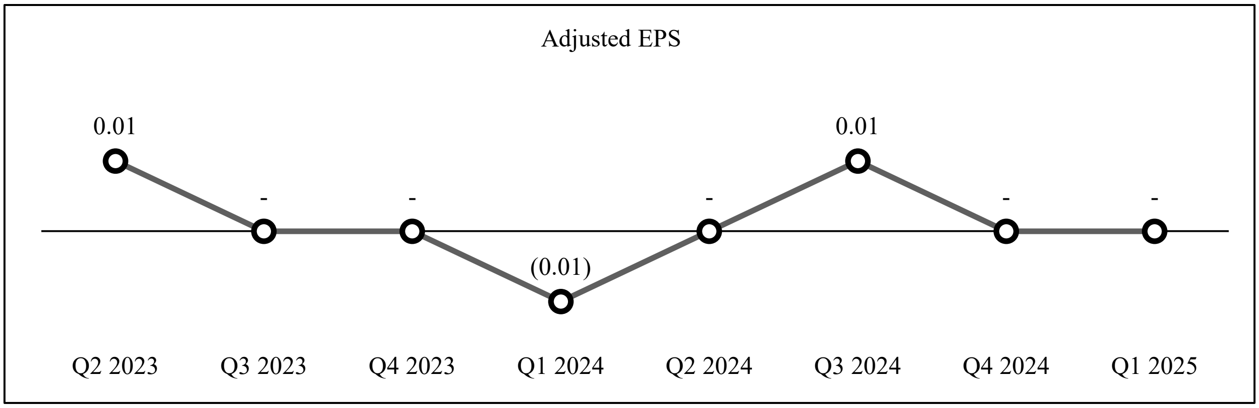
The following tables set out certain financial information for each of the Company's prior quarterly reporting periods:

	Net revenue	Adjusted Net Income (Loss) [1]	Adjusted EPS (loss) basic/diluted
(thousands of Canadian dollars, except per share amounts)			
June 30, 2023	28,529	4,263	0.01 / 0.01
September 30, 2023	27,542	523	- / -
December 31, 2023	25,210	(131)	- / -
March 31, 2024	20,953	(3,477)	(0.01) / (0.01)
June 30, 2024	22,162	605	- / -
September 30, 2024	24,109	2,058	0.01 / 0.01
December 31, 2024	25,312	1,014	- / -
March 31, 2025	21,238	(148)	- / -

[1] Non-GAAP financial measure. Refer to "*Cautionary Statement Regarding Certain Non-GAAP Measures*" for further details.







The volatility in net revenue over the last four quarters is negative due to competition within the infused pre-roll segment and seasonality, with positive impacts from the acquisition of AgMedica, growth in international exports, and domestic sales of vapes and dried flower.

Liquidity and Capital Resources

To date, the Company has met its operational and capital requirements primarily through cash flow from operations, debt financing, and equity financings. The Company's objective when managing its liquidity and capital resources is to maintain sufficient cash flow and liquidity to support financial obligations as they come due while executing operating and strategic plans. The Company manages its liquidity through preparation and use of cash flow forecasts and budgets to ensure it has sufficient funds to meet obligations as they become due.

The Company's working capital details are as follows:

As at,	March 31, 2025	December 31, 2024
(thousands of Canadian dollars)		
Cash	4,485	6,997
Accounts receivable	10,636	11,786
Other current assets	2,577	2,419
Biological assets	2,221	1,541
Inventory	42,149	41,795
Accounts payable and accrued liabilities	(35,735)	(38,195)
Current portion of lease liabilities	(1,985)	(1,878)
Current portion of long-term debt	(8,772)	(8,767)
Other current liabilities	(105)	(221)
Total working capital[1]	**15,471**	**15,477**

[1] Capital management measure. Refer to "*Cautionary Statement Regarding Certain Non-GAAP Measures"* for further details.

As at March 31, 2025, the Company had a total working capital (see "*Cautionary Statement Regarding Certain Non-GAAP Measures"*) surplus of $15.5 million (2024 - $15.5 million surplus) and a total consolidated cash position of $4.5 million (2024 - $7.0 million). This cash is not subject to any restrictions.

As at,	March 31, 2025	December 31, 2024
(thousands of Canadian dollars)		
Term loans[1]	37,482	38,226
Share Capital	63,248	63,225
Total capitalization	**100,730**	**101,451**

[1] Term loans include the Company's term debt and authorized overdraft which both have a five-year term with a maturity date of January 1, 2027. Principal repayments vary by facility and are based on ten-year amortization periods, for more information, refer to Note 14 of the Consolidated Financial Statements.

The decrease in Decibel's total capitalization as at March 31, 2025, over the comparative period is primarily related to the debt repayment during the period.

As at March 31, 2025, the Company had $37 million of debt outstanding. The Company's $7.5 million accordion remains undrawn. The $7.5 million accordion is subject to a trailing three month funded debt to EBITDA ratio ("Debt to EBITDA Ratio") of less than or equal to 3.00:1.00 and other conditions as agreed upon with Connect First Credit Union Ltd. (the "Lender"). As at March 31, 2025, Debt to EBITDA Ratio was 2.11x, and as a result the accordion is available to the Company and will continue to be subject to maintaining a Debt to EBITDA Ratio of less than or equal to 3.00:1.00 and other conditions as agreed upon with the Lender.

The Company's credit facility with the Lender (the "Credit Facility") is subject to the following financial covenants:

(a) Debt service coverage ratio

The Company shall not permit the debt service coverage ratio, defined as earnings before interest, depreciation, and amortization ("EBITDA") less dividends declared or shareholder distributions, divided by the sum of all scheduled principal and interest paid by the Company for its current fiscal reporting year, calculated quarterly, to fall below 1.40:1.00.

As at March 31, 2025, the debt service coverage ratio was 2.50:1.00.

(b) Debt to equity ratio

The Company shall not permit the debt to equity ratio, defined as total liabilities divided by total equity adjusted for Lender approved adjustments for conversions and appraisals, as presented on the consolidated statements of financial position, calculated annually to be greater than 1.00:1.00.

As at December 31, 2024, the debt to equity ratio was 0.79:1.00.

(c) Current ratio

The Company shall not permit the current ratio, defined as the ratio of current assets to current liabilities, as presented on the consolidated statements of financial position, calculated monthly on the last day of each month to fall below 1.25:1.00.

As at March 31, 2025, the current ratio was 1.33:1.00.

Cash Flows

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Cash used in continuing operating activities	(711)	(21)
Cash used in investing activities	(518)	(530)
Proceeds from the sale of Prairie Records Retail assets	-	-
Free cash flow [1]	**(1,229)**	**(551)**

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Free cash flow [1]	(1,229)	(551)
Cash provided by discontinued operating activities	-	926
Cash used in financing activities	(1,283)	(1,220)
Decrease in cash	(2,512)	(845)
Cash, beginning of period	6,997	3,481
Cash, end of period	**4,485**	**2,636**

[1] Non-GAAP financial measure. Refer to "*Cautionary Statement Regarding Certain Non-GAAP Measures*" for further details.

For the three months ended March 31, 2025, cash used by operating activities was $0.7 million, a decrease of 0.7 million over the comparative period. The decrease in cash flow from operations is primarily attributable to changes in non-cash working capital.

For the three months ended March 31, 2025, cash used by investing activities was $0.5 million. Refer to "Statement of Financial Position – Capital Additions".

For the three months ended March 31, 2025, cash used by financing activities was $1.3 million. The change in cash used in financing activities during the period is due to the repayment of long-term debt and lease liabilities. Refer to "Liquidity and Capital Resources".

Contractual Obligations

As at March 31, 2025, Decibel had contractual obligations as detailed below:

	Total	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	Thereafter
Accounts payable and accrued liabilities	35,735	35,735	-	-	-	-	-
Lease liabilities (i)	11,873	2,772	2,880	3,445	1,135	683	958
Loans and borrowings (ii)	45,394	10,384	4,434	4,434	4,434	4,434	17,274
Total	93,002	48,891	7,314	7,879	5,569	5,117	18,232

(i) Includes the interest portion of lease obligations.
(ii) Loans and borrowing balances are based on the credit facility in place at March 31, 2025. Included are the estimated interest and principal repayments, based on current amounts outstanding and current interest rates at March 31, 2025. Both are variable in nature.

Outstanding Share Data

As of the date of this MD&A, the Company had 576.7 million Common Shares outstanding, 0.5 million restricted share units outstanding, and 27.2 million stock options outstanding.

Capital

As at March 31, 2025, and March 31, 2024, the Company was authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as at March 31, 2025, in the Consolidated Financial Statements nor as of the date of this MD&A that have or are reasonably likely to have a current or future effect on our financial performance or financial condition.

Changes in Accounting Policies

There were no changes in accounting policies during the three months ended March 31, 2025.

Critical accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and revenues and expenses. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Biological assets and inventory

The Company is required to make a number of significant estimates and assumptions in calculating the fair value less costs to sell and costs to complete of biological assets. The significant estimates and assumptions in determining the fair value less costs to sell and costs to complete of biological assets include the estimated average selling price per gram and average yield per plant. Further information on estimates used in determining the fair value of biological assets is contained in Note 4 in the condensed interim consolidated financial statements.

The valuation of biological assets at the point of harvest is the cost basis for all cannabis-based inventory in the cultivation facility and, thus, any critical estimates and judgments related to the valuation of biological assets are also applicable for inventory. The valuation of work-in-process and finished goods also requires the estimate of conversion costs incurred, which become part of the carrying amount for the inventory. The Company must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

Financial Instruments

IFRS requires that the Company disclose information about the fair value of our financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company's financial instruments consist of cash, investments, deposits included in other assets, accounts receivable, accounts payable and accrued liabilities, and term loan debt. Management estimates that the fair value of its cash, accounts receivable, and accounts payable and accrued liabilities approximates their carrying values as at March 31, 2025, due to the relatively short maturity periods of these instruments.

Cautionary Statement Regarding Certain Non-GAAP Measures

Certain financial terms and measures contained in this MD&A are "specified financial measures" (as such term is defined in NI 52-112. The specified financial measures referred to in this MD&A are comprised of "Non-GAAP financial measures" and "capital management measures" (as such terms are defined in NI 52-112). These measures are defined, qualified, and where required, reconciled with the nearest GAAP measure below.

Non-GAAP Financial Measures

The Non-GAAP financial measures used herein do not have a standardized meaning prescribed by GAAP. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that the non-GAAP financial measures should not be considered in isolation nor as an alternative to net income (loss) or other financial information determined in accordance with GAAP, as an indication of the Company's performance.

- Adjusted EBITDA: Adjusted EBITDA is a measure of the Company's financial performance. It is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts to compare Decibel to its competitors and derive expectations of future financial performance of the Company. Adjusted EBITDA increases comparability between comparative companies by eliminating variability resulting from differences in capital structures, management decisions related to resource allocation, and the impact of fair value adjustments on biological assets, inventory, and financial instruments, which may be volatile on a period to period basis. Adjusted EBTIDA is not a recognized, defined, or standardized measure under IFRS. The Company calculates Adjusted EBITDA as net loss and comprehensive loss excluding unrealized gain on changes in fair value of biological assets, change in fair value of biological assets realized through inventory sold, depreciation and amortization expense, share-based compensation, other income, finance costs, foreign exchange loss, non-cash production costs and severance payments.

  Non-cash production costs relate to amortization expense allocations included in production costs. Refer to "*Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization*" for a detailed calculation of this measure. The numbers that are input into this calculation can be found in the statement of income and comprehensive income in the Consolidated Financial Statements.

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Net loss and comprehensive loss	(1,901)	(3,333)
Unrealized gain on changes in fair value of biological assets	(3,987)	(4,595)
Change in fair value of biological assets realized through inventory sold	5,739	4,451
Depreciation and amortization	1,642	1,243
Share-based compensation	187	63
Other loss	293	12
Finance costs	689	772
Foreign exchange loss	196	90
Non-cash cost of goods sold	598	732
Other adjustments	-	4,154
Adjusted EBITDA	**3,456**	**3,589**

- Adjusted Net Income and Adjusted Earnings per Share ("Adjusted EPS"): Adjusted Net Income and Adjusted EPS is a measure of the Company's financial performance. It is intended to provide a proxy for the Company's net income and comprehensive income and is used to compare Decibel to its competitors and derive expectations of future financial performance of the Company. These measures increase comparability between comparative companies by eliminating variability resulting from differences in management assumptions related to the impact of fair value adjustments on biological assets, which may be volatile on a period to period basis. These measures are not a recognized, defined, or standardized measure under IFRS. The Company calculates Adjusted Net Income as net loss and comprehensive loss excluding unrealized gain on changes in fair value of biological assets, change in fair value of biological assets realized through inventory sold. The Company calculates Adjusted EPS as net loss and comprehensive loss excluding unrealized gain on changes in fair value of biological assets, change in fair value of biological assets realized through inventory sold, dividend by the weighted average Common Shares outstanding. Refer to "*Adjusted Net Income*" for a detailed calculation of these measures. The numbers that are input into this calculation can be found in the statement of income and comprehensive income in the Company's Consolidated Financial Statements.

Three months ended March 31,	2025	2024
(thousands of Canadian dollars)		
Net loss and comprehensive loss	(1,901)	(3,333)
Unrealized gain on changes in fair value of biological assets	(3,987)	(4,595)
Change in fair value of biological assets realized through inventory sold	5,739	4,451
Adjusted net loss	**(149)**	**(3,477)**
Weighted average number of shares outstanding	576,848,521	423,958,977
Adjusted EPS	**-**	**($0.01)**

- Free Cash Flow ("Free Cash Flow"): Free Cash Flow is a measure of the Company's financial performance. It is a useful measure of Decibel's ability to generate value and grow the Company's business. This measure is not a recognized, defined, or standardized measure under IFRS. The Company calculates Free Cash Flow as cash flow from operations less cash used in investing activities. Refer to "*Free Cash Flow*" for a detailed calculation of these measures. The numbers that are input into this calculation can be found in the statement of cash flows in the Company's Consolidated Financial Statements.

- Adjusted Free Cash Flow ("Adjusted Free Cash Flow"): Adjusted Free Cash Flow is a measure of the Company's financial performance. It is a useful measure of Decibel's ability to generate value and grow the Company's business. This measure is not a recognized, defined, or standardized measure under IFRS. The Company calculates Adjusted Free Cash Flow as Free Cash Flow excluding cash used in investing activities, changes in non-cash working capital, less repayment of long term debt. Refer to "*Free Cash Flow*" for a detailed calculation of these measures. The numbers that are input into this calculation can be found in the statement of cash flows in the Company's Consolidated Financial Statements.

- Total Capitalization ("Total Capitalization"): Total Capitalization is a measure of the Company's total capital invested into the business. It is a useful measure of Decibel's efficiency of capital investment when compared to peers. This measure is not recognized, defined or a standardized measure under IFRS. The Company calculates Total Capitalization as total debt plus share capital. Refer to "Total Capitalization" for a detailed calculation of these measures. The numbers that are input into this calculation can be found in the statement of financial position in the Company's Consolidated Financial Statements.

- International Sales: International Sales is a measure intended to provide a more accurate depiction of the revenue earned by the Company's international operations.

- Gross Canadian Recreational Sales: Gross Canadian Recreational Sales is a supplementary measure intended to provide a more accurate depiction of gross revenue earned by the Company's wholesale operations. Inventory transferred directly from the Company's wholesale operations to the Company's retail operations is added to Gross Canadian Recreational Sales as found in the Company's Consolidated Financial Statements to arrive at Gross Canadian Recreational Sales. In the MD&A, wholesale inventory transferred to the retail stores and subsequently sold is eliminated from retail sales and attributed to Gross Canadian Recreational Sales to provide a more accurate depiction of business performance.

- Net Canadian Recreational Sales: Net Canadian Recreational Sales is a supplementary measure intended to provide a more accurate depiction of gross revenue earned by the Company's wholesale operations. Inventory transferred directly from the Company's wholesale operations to the Company's retail operations is added to Net Canadian Recreational Sales as found in the Company's Consolidated Financial Statements to arrive at Net Canadian Recreational Sales. Excise taxes associated with Gross Canadian Recreational Sales are subtracted from Gross Canadian Recreational Sales to arrive at Net Canadian Recreational Sales. In this MD&A, wholesale inventory transferred to the retail stores and subsequently sold is eliminated from retail sales and attributed to Net Canadian Recreational Sales to provide a more accurate depiction of business performance.

Other Financial Measures

Capital management measures are defined as financial measures disclosed by an issuer that are intended to enable an individual to evaluate the entity's objectives, policies and processes for managing the entity's capital, are not a component of a line item or a line item on the primary financial statements, and which are disclosed in the notes to the condensed interim consolidated financial statements. As at March 31, 2025, the Company's capital management measures disclosed in the notes to the Consolidated Financial Statements include Working Capital.

- Working Capital: Working Capital is a capital management measure of the Company's ability to service its short-term financial obligations with short-term assets. Management believes this measure provides useful information about the Company's current short-term liquidity. Refer to "*Liquidity and Capital Resources*" for a detailed calculation of this measure. See note 19 to the Condensed Interim Consolidated Financial Statements.

As at,	March 31, 2025	December 31, 2024
(thousands of Canadian dollars)		
Cash	4,485	6,997
Accounts receivable	10,636	11,786
Other current assets	2,577	2,419
Biological assets	2,221	1,541
Inventory	42,149	41,795
Accounts payable and accrued liabilities	(35,735)	(38,195)
Current portion of lease liabilities	(1,985)	(1,878)
Current portion of long-term debt	(8,772)	(8,767)
Other current liabilities	(105)	(221)
Total working capital	**15,471**	**15,477**

Other MD&A Disclosures

Forward-Looking Information

This MD&A may contain "forward-looking information" with respect to the Company. This information may take the form of statements found within this document expressing the Company's expectations as to future outcomes and events based on the information currently available. All statements contained herein are given as at the date of this MD&A and the Company undertakes no obligation to update the information for new events or circumstances other than as required by securities laws. Forward-looking information and statements may be identifiable by the use of words such as "achieve", "anticipate", "budget", "could", "estimate", "expect", "future", "forecast", "intend", "may", "might", "occur", "plan", "potential", "prospective", "should", "will", "would" and other similar expressions. By their nature, forward-looking information and statements are inherently subject to the risk that the actual results can be materially different from the expected outcomes. The Company does not provide any assurance as to the accuracy of this forward-looking information and statements and cautions readers not to place undue reliance on such.

Certain forward-looking statements in this MD&A include, but are not limited to:

- the ability of the Company to continue as a going concern;
- future liquidity and financial position;
- the Company's growth and business strategies;
- the Company's markets for current and proposed product offering;
- the sufficiency of the Company's resources to fund continued operations;
- the Company's expectations regarding its future sales;
- the Company's expectations relating to the success of AgMedica and its integration into the Company's overall operations;
- the Company's expectations regarding the competitive landscape generally, and with respect to future volatility in its gross margin related to price competition;
- the Company's expectations regarding maintaining licensing related to the cultivation, production and sale of cannabis and cannabis products by the Company, its subsidiaries, affiliates and partnerships;

- expectations regarding future expenditures, including but not limited to both operational and capital expenditures;
- the Company's ability to ensure that it has sufficient funds to meet obligations as they become due;
- the Company's ability to access debt financing;
- the Company's expectations relating to the international regulatory landscape applicable to the Company's business;
- the Company's expectations with respect to any ongoing construction activities or further expansion or development of the Company's facilities; and
- the Company's contractual obligations and the anticipated timing thereof.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those anticipated in such forward-looking statements. Although the forward-looking statements contained in the MD&A are based upon what the Company believes to be reasonable assumptions, no assurance can be given that these expectations will prove to be accurate and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. With respect to the forward-looking statements and FOFI (as defined below) contained in this MD&A, management has made assumptions regarding, among other things:

- Decibel's ability to enter new markets and industry verticals;
- Decibel's ability to attract, develop and retain key personnel;
- Decibel's ability to raise additional capital and to execute on its expansion plans;
- the timelines for new product launches;
- Decibel's ability to successfully integrate AgMedica's operations;
- Decibel's ability to continue investing in infrastructure and implement scalable controls, systems and processes to support its growth;
- the impact of competition;
- the changes and trends in our industry or the global economy;
- the Company's ability to generate sufficient cash flow from operations and obtain financing, if needed, on acceptable terms or at all;
- the general economic, financial market, regulatory and political conditions in which the Company operates;
- the ability of the Company to ship its products and maintain supply chain stability;
- consumer interest in the Company's products;
- anticipated and unanticipated costs;
- government regulation of the Company's activities and products;
- the timely receipt of any required regulatory approvals;
- the Company's ability to conduct operations in a safe, efficient and effective manner;
- the Company's construction plans and timeframe for completion of such plans; and
- the changes in laws, rules, regulations, and global standards.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking information and statements and FOFI contained herein include, but are not limited to:

- the ability to obtain and maintain licences to retail cannabis products;
- review of the Company's production facilities by Health Canada and maintenance of licences (including any amendments thereto) from Health Canada and other third regulatory bodies;
- future legislative and regulatory developments involving cannabis;
- inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms;
- the impact of the imposition of duties and tariffs and other trade barriers, and the impact of such measures on the broader Canadian economy;
- inflation, price volatility and other economic risks that may impact the costs of the Company's products;
- the labour market generally and the ability to access, hire and retain employees; and
- general business, economic, competitive, political and social uncertainties.

Readers are cautioned that the foregoing list of assumptions and risk factors is not exhaustive. The forward-looking information and statements and FOFI contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information and statements and FOFI included in this MD&A are made as of the date hereof and Decibel does not undertake any obligation to publicly update such forward-looking information and statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

Industry Trends and Risks

Decibel's industry trends and risks remain unchanged from that discussed in the Decibel's Management's Discussion and Analysis for the year ended December 31, 2024, as filed on SEDAR+ at www.sedarplus.ca.