Decibel Cannabis Company Inc.
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# How We Feel

*A Letter to Our Shareholders · Third Quarter 2026*
*November 19, 2026*

Dear Fellow Shareholders,

This letter comes from both of us. We wrote it together and we have both signed it. It is the first of a quarterly letter that will sit alongside our results, which cover the numbers. This is where we tell you how we feel about Decibel and about this industry.

Our promise, stated once: we will tell you what we actually think, good and bad, and we will report back on what we said. How we feel is not positioning, and it is not something to debate. You decide whether you believe us, and whether you want to be part of what comes next.

Ewing Morris's offer to buy Decibel shares from existing shareholders ended on November 13. We read it as a vote of confidence from a serious, long-term investor, and a sign that others are starting to see what we see. Talking with investors through that process showed us how much of what gets said about Decibel, and about cannabis, is assumption. Some of that is on us. So here we are.

**How we feel today, in short**

1. We have been at this a long time, and we are stronger for the mistakes.
2. We feel good about this quarter. Improving Canada is a focus, and we see it as upside.
3. We manage for the long term, and we grow in steps.
4. We are comfortable with our debt. It is a choice we made on purpose.
5. We can do better in Canada. International is where the growth is.
6. This industry is here to stay, and we think most people underestimate how big it will get. We do not know how fast, and we are not in a rush.
7. We see you as partners. Hold us to what we say.

## Who is writing to you

**We have been at this a long time.** We are middle-aged, and between us we have spent most of our adult lives in this industry. We have built businesses, sold businesses and sat on boards, through the early medical days, legalization, the boom and the long correction that followed.

**Why we are still here.** We could have walked away. It was hard to avoid positive returns in the early years of this industry. We had some of those and could have moved on to the next market, the way a lot of the money did. We stayed because we are business builders, not traders. We

are here because we believe in what cannabis is becoming in adults' lives. Many adults now choose it to unwind at the end of a hard day, and many choose it instead of a drink. We do not think that choice is going away. We believe it will earn attractive returns within a reasonable period. We cannot tell you when, and we do not lose sleep over it.

**What we got wrong.** We made some of the same mistakes the industry did. We built on growth assumptions with too little history behind them, a false read from limited data that helped fuel the hype. When access to capital dried up, businesses built on those assumptions failed, and some of them were ours. That lesson is why we run Decibel with the discipline we do today. We are not perfect, and neither is Decibel. We will make more mistakes. We aim to get the big things right.

None of this is the two of us alone. About 450 people do the work at Decibel, in Calgary, at AgMedica in Chatham, in Saskatchewan and on the road across the country. They are a team of caring people who have lived through the same cycle we have, with less say in it and often less reward. When we say we are building something, it is mostly them building it. We do not thank them enough, so we are starting here.

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*We are confident in our success. It may not happen. Both of those things are true, and we would rather tell you both.*

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## The quarter and how we grow

**We feel good about this quarter.** Net revenue was $35.1 million, up 7% from a year ago. Adjusted EBITDA was $7.4 million, up 2%. International revenue was $12.1 million, up 44%. Domestic revenue was $23.0 million, down 6%. Gross margin before fair value adjustments was 52%, and free cash flow was $1.1 million. Improving our domestic business is a focus. We believe it will improve, and we see that as upside. The detail is in our MD&A.

**We grow in steps.** A new market opens, a customer comes on, a certification comes through, and the business moves up a level. Behind revenue we watch two things: whether our products sell through to consumers, and whether customers reorder. We want growth that repeats.

We manage for long-term, sustainable growth. That is how we came to AgMedica. It was sold in an auction that anyone could have joined, including many companies with more capital than us. We bought it.

**Our own history shows it.** In 2023 we led the infused pre-roll category, one we largely created, and at the peak we had about 60% of it. That was never going to last. The category grew from about 260 products in 2022 to about 1,400 in 2024, and our domestic revenue settled from about $102 million in 2023 to about $88 million in 2024, where it has held since. We still

lead the category, with about 16% share. The headline at the time was decline. Looking back, an early lead was a head start, not a floor. It ran its course while we built an international business that did not exist before.

**Where we feel most sure, and where we pause.** What makes us most sure about Decibel is our team and how it handles change. What gives us pause is scale. Decibel is small next to many of our peers, and scale matters in this industry. Getting there takes investors who trust us to work through the changes ahead.

## Our balance sheet

**We are comfortable with our debt.** We know some people look at our debt and worry. We do not. We have $52.2 million outstanding on our ATB facilities, most of it at about 7%, with the earliest maturities in 2030. We used $3.1 million of that to buy out equipment leases with cheaper debt, and we have $6.9 million undrawn on our $10 million revolver. Against full-year Adjusted EBITDA guidance of $28 million to $32 million, that is roughly 1.7 times debt to Adjusted EBITDA, or 1.4 times net of cash.

We are confident we can service this debt and keep growing. Equity in this industry is expensive, and selling shares at today's prices to pay down debt would take value from the people who already own Decibel. We would rather not. We watch our covenants closely. Once growth spending is covered, we weigh buying back shares against paying down debt.

## Our business

**Canada.** Canada is where Decibel started, and it is still most of what we sell. It is mature, crowded and heavily taxed: excise duty took 37% of our gross recreational sales this quarter. Our domestic business is profitable and funds itself, and General Admission remains the number one infused pre-roll brand in the country.

We can do better. Our share of the Canadian market was 4.0%, down from 4.3% last quarter, and below where we want it. Auxly and Cannara have done excellent work and we admire it. We changed our commercial leadership this quarter.

Part of the gap is what we sell. Flower and standard pre-rolls make up a large share of the Canadian market and about 5% of our domestic sales. We built Decibel on ready-to-consume products, made to a specification so every unit is the same, because consistency builds brands. But we have been missing from big categories under our strongest brands, and that needs fixing. We plan to address this under General Admission.

**International.** International was about 4% of our revenue in 2024 and about 35% this quarter, across eight countries. These markets are mostly medical and mostly flower, about 95% flower

in Germany. A prescription is tied to a specific product, so consistent supply at the required quality wins.

We have two advantages. AgMedica is one of roughly a dozen facilities in Canada certified to EU-GMP for flower, and one of a handful for extracts. And our team has onboarded more than 70 Canadian cultivators and extractors, each taking about six months to audit, permit and register before it can export. About half of our export revenue comes from other cultivators' flower. It took two years to build and is not quick to copy.

AgMedica ran at about 42% of its 60-tonne annual capacity this quarter, and the facility is designed to accommodate a doubling of that capacity. Import permits depend on two governments, so international revenue will not move in a straight line.

## The industry

> *None of what follows is aimed at anyone. We believe this industry works best when everyone in it wins: our team, our customers, our suppliers, our partners and, yes, our competitors.*

**The businesses got better while the capital left.** New industries tend to go through the same cycle. Capital arrives early and builds ahead of demand, prices fall, and the first investors take the losses. Cannabis is living through that now. Equity raised by U.S. public cannabis operators fell from about US$1.4 billion in 2018, and nearly US$2.0 billion in 2021, to about US$7 million in 2025, excluding at-the-market and convertible offerings. Meanwhile, operators are leaner and more often profitable than ever. Better businesses with far less capital looks to us like a buyer's market, so we believe consolidation makes more sense right now than building from scratch. The companies that last will fund themselves, keep debt manageable and build positions that are hard to copy. That is how we run Decibel.

**The growth is international, not Canada or the US.** The United States will be the largest market for a long time, but its regulation makes it hard to invest in today, and many state markets are already established. If Decibel ever goes there, we think buying makes more sense than building. Internationally, Germany, the UK, Australia and Israel are established. Others are still finding their footing. Both matter to us.

**Regulation changes the path, not the direction.** There has been plenty of talk about possible changes to Germany's medical cannabis rules. Nobody knows what will happen. Poland is how we think about it. In late 2024 it began requiring in-person consultations for prescriptions, and prescriptions fell by more than half in two months. By October 2025 volumes had passed the old peak, and the year finished at a new high. Prices came down, but patients did not go away.

*Once patients and their doctors find something that works for them, the genie does not go back in the bottle.*

## What we said last time

**Hold us to it.** This is our first letter, so there is nothing to look back on yet. From the next one on, this section will list what we said and what happened, each marked done, in progress or missed.

From our next letter on, we expect to report on:

- Sell-through and reorders behind our revenue.
- Our share of the Canadian market.
- International revenue and AgMedica utilization.

## What we are asking of you

**We see you as partners.** We think of our shareholders as partners on this journey, not an audience. We will not tell you our strategy, because that is how we compete and win, but we will tell you what is on our minds. What we emphasize will change as our view changes, and when it does, we will say so.

If this is not how you see things, that is fair, and we would like to hear why. If it is, we are glad you are here. We think we can go for a ride together, make some mistakes, get the big things right and build something of real value along the way.

We are shareholders too. We have participated in past capital raises and bought shares in the market, the same way many of you have. We win when you do, and we lose when you do.

## This is how we feel. You decide.

If there is something you want us to talk about next time, tell us at info@decibelcc.com. Thank you for reading, and for being part of this.

With appreciation,

**Shawn Dym**
*Executive Chairman*

**Benjamin Sze**
*Chief Executive Officer*