

FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Decibel Cannabis Company Inc. ("**Decibel**" or the "**Corporation**")
1440 - 140, 4th Avenue SW
Calgary, Alberta
T2P 3N3

2. **Date of Material Change**

August 26, 2021.

August 27, 2021.

3. **News Release**

News releases pertaining to the material changes being the subject of the present report were disseminated via the facilities of a recognized news service on August 26, 2021 and August 27, 2021, and filed on SEDAR.

4. **Summary of Material Change**

On August 26, 2021, Decibel announced that it had entered into an agreement with Eight Capital, Raymond James Ltd. and Haywood Securities Inc., as co-lead underwriters and joint bookrunners (collectively, the "**Underwriters**") to sell, on a bought deal basis, 34,500,000 units of the Corporation (the "**Units**") at a price per Unit of \$0.29 (the "**Issue Price**") for gross proceeds of \$10,005,000 (the "**Offering**"). Decibel also granted the Underwriters an over-allotment option (the "**Over-Allotment Option**") to purchase up to an additional 15% of the Units at the Issue Price, and/or the components thereof, exercisable in whole or in part, at any time, and from time to time, on or prior to the date that is 30 days following closing of the Offering.

On August 27, 2021, Decibel announced that it had entered into an agreement with the Underwriters to increase the size of the Offering from 34,500,000 Units to 45,000,000 Units, increasing the gross proceeds from \$10,005,000 to \$13,050,000. The size of the Over-Allotment Option was also increased accordingly from \$1,500,750 to \$1,957,500.

5. **Full Description of Material Change**

On August 26, 2021, Decibel entered into an agreement with the Underwriters to sell, on a bought deal basis, 34,500,000 Units at the Issue Price for gross proceeds of \$10,005,000. Decibel also granted the Underwriters the Over-Allotment Option, entitling the Underwriters to purchase up to an additional 15% of the Units at the Issue Price, and/or the components thereof, exercisable in whole or in part, at any time, and from time to time, up until the date that is 30 days following closing of the Offering.

On August 27, 2021, Decibel announced that it had agreed with the Underwriters to increase the size of the Offering from 34,500,000 Units to 45,000,000 Units, increasing the gross proceeds from \$10,005,000 to \$13,050,000. The size of the Over-Allotment Option was also increased accordingly from \$1,500,750 to \$1,957,500.

Each Unit shall be comprised of one common share in the capital of the Corporation (a "**Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant shall entitle the holder thereof to purchase one Share at an exercise price of \$0.40 for a period of 36 months following the closing date of the Offering.

The Corporation intends to use the net proceeds of the Offering for growth initiatives, working capital and general corporate purposes.

The closing date of the Offering is scheduled to be on or about September 16, 2021 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX Venture Exchange and the applicable securities regulatory authorities.

This material change report is not an offer of the securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an available exemption from the registration requirements of the United States Securities Act of 1933, as amended and applicable U.S. state securities laws. Decibel will not make any public offering of the securities in the United States. This material change report shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

5.1 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

For further information, contact Stuart Boucher, Chief Financial Officer, by telephone at 780-619-0310.

9. Date of Report

September 1, 2021.

Cautionary Statement Regarding Forward-Looking Information

This material change report offers our assessment of Decibel's future plans and operations as of the date hereof and contains, without limitation, forward-looking statements pertaining to the anticipated closing date of the Offering and the anticipated use of the proceeds from the Offering.

With respect to forward-looking statements contained in this material change report, Decibel has made assumptions regarding, among other things: the Corporation's ability to close the Offering on the terms expected; fulfillment by the Underwriters of their obligations; commodity prices; availability of skilled labour; timing and amount of future capital expenditures; future exchange and interest rates; the impact of

increasing competition; conditions in general economic and financial markets; access to capital; effects of regulation by governmental agencies; and future operating costs.

Some of the risks that could affect the Corporation's future results and could cause actual results to differ materially from those expressed in the forward-looking statements include:

- the continuing adverse impact of COVID-19 on economic activity;
- risks related to the changing political conditions and legislative and regulatory developments;
- the ability to attract and retain key personnel;
- changes in technology;
- fluctuating results of operation and fluctuation of foreign exchange rates;
- the ability to realize on the Corporation's business plan;
- timely development and introduction of new products; and
- management's ability to anticipate and manage the risks associated with these factors.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking information. Decibel gives no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits Decibel will derive from them. The forward-looking information contained herein is expressly qualified by this cautionary statement. Except as required by law, Decibel undertakes no obligation to publicly update or revise any forward-looking statements and readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in the preliminary short form prospectus dated September 1, 2021 and in the annual information form of the Corporation dated August 20, 2021 which are available on SEDAR at www.sedar.com.