

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. All Shareholders are advised to consult their own professional advisers regarding their own tax position.

If you have sold or otherwise transferred all your Ordinary Shares, please send this Circular, and all accompanying documents, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into the United States, Canada, Australia, South Africa or Japan.

Liberum Capital Limited, which is authorised and regulated by the Financial Conduct Authority, is acting for the Company and for no one else in connection with the Tender Offer and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Liberum Capital Limited or for affording advice in relation to the Tender Offer, the contents of this document or any transaction, arrangement or other matter referred to in this document.

CLS Holdings plc

Proposed purchase of 1 in every 40 Ordinary Shares at 250 pence per Ordinary Share pursuant to a Tender Offer and Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of CLS Holdings plc set out on pages 5 to 8 of this document which contains the recommendation by the Directors of the Company to Shareholders to vote in favour of the Resolution to be proposed at the General Meeting.

The Tender Offer will close at 3.00 p.m. on 9 September 2022 unless extended in accordance with paragraph 7 of Part II of this Circular. The procedure for tendering Ordinary Shares is set out in Part II of this Circular. Further copies of this Circular and the accompanying Tender Form are available from the Receiving Agent at the address or telephone number set out on pages 4 and 11. Unless you have sold or transferred all your Ordinary Shares you are recommended to retain this Circular for reference.

Notice of the General Meeting of the Company convened for 11.00 a.m. on 9 September 2022 is set out at the end of this Circular. To be valid, the accompanying form of proxy for use at the General Meeting must be completed and returned so as to reach the Registrars by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH by not later than 11.00 a.m. on 7 September 2022.

As an alternative to completing the enclosed form of proxy, Shareholders can appoint proxies electronically via www.clsholdings.com/evoting to be received by the Registrars by not later than 11.00 a.m. on 7 September 2022. CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrars (under CREST participant 3RA50) by not later than 11.00 a.m. on 7 September 2022. The time of receipt will be taken to be the time from which the Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of proxy appointments	11.00 a.m. on 7 September 2022
Ex Dividend Date for 2022 Interim Dividend	8 September 2022
Record Date for 2022 Interim Dividend	9 September 2022
General Meeting	11.00 a.m. on 9 September 2022
Latest time and date for receipt of Tender Forms and TTE instructions from CREST Shareholders	3.00 p.m. on 9 September 2022
Tender Offer closes	3.00 p.m. on 9 September 2022
Record Date for the Tender Offer	6.00 p.m. on 9 September 2022
Outcome of Tender Offer announced	On 12 September 2022
Cheques despatched for certificated Ordinary Shares purchased pursuant to the Tender Offer and payment through CREST for uncertificated Ordinary Shares purchased pursuant to the Tender Offer	By 16 September 2022
CREST accounts credited with uncertificated Ordinary Shares unsuccessfully tendered and despatch of balance share certificates for unsold certificated Ordinary Shares and share certificates for unsuccessful tenders of certificated Ordinary Shares	By 16 September 2022
2022 Interim Dividend payment date	3 October 2022

DEFINITIONS

The following definitions apply throughout this Circular and the accompanying Tender Form unless the context otherwise requires:

"2022 Annual General Meeting"	the annual general meeting of the Company held on 28 April 2022
"2022 Interim Dividend"	the interim dividend of 2.60 pence per Ordinary Share announced on 10 August 2022
"Board"	the board of directors of the Company as constituted from time to time
"Business Day"	any day other than a Saturday, Sunday or bank holiday in England
"Capital Amount"	has the meaning given to it in paragraph 10 of Part II of this Circular
"Circular"	this document
"CLS" or "Company"	CLS Holdings plc
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
"CREST member"	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
"CREST participant"	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
"CREST Regulations"	Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"CREST sponsor"	a CREST participant admitted to CREST as a CREST sponsor
"CREST sponsored member"	a CREST member admitted to CREST as a sponsored member
"Directors"	the directors of the Company as at the date of this Circular
"Distribution Amount"	has the meaning given to it in paragraph 10 of Part II of this Circular
"DTR"	the Disclosure Guidance and Transparency Rules published by the FCA
"Euroclear"	Euroclear UK & International Limited
"FCA"	the UK Financial Conduct Authority
"General Meeting"	the general meeting of the Company convened for 11.00 a.m. on 9 September 2022 to consider and, if thought fit, approve the Resolution, notice of which is set out at the end of this Circular
"Group"	the Company and its subsidiaries
"HMRC"	Her Majesty's Revenue & Customs
"Latest Practicable Date"	11 August 2022, being the latest practicable date prior to the posting of this Circular
"Liberum Capital"	Liberum Capital Limited, financial adviser and corporate broker to CLS
"Member account ID"	identification code or number attached to any member account in CREST
"North American person"	has the meaning given to it in paragraph 9 of Part II of this Circular
"Ordinary Shares"	ordinary shares of 2.5 pence each in the capital of the Company
"Participant ID"	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
"Qualifying Shareholders"	Shareholders who are permitted to participate in the Tender Offer
"Receiving Agent"	Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH
"Record Date"	6.00 p.m. on 9 September 2022
"Registrars"	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE
"Resolution"	the special resolution set out in the Notice of General Meeting on page 17 of this Circular
"Shareholders"	holders of Ordinary Shares from time to time
"Tender Form"	the tender form accompanying this Circular issued for use by Shareholders in connection with the Tender Offer
"Tender Offer"	the invitation by the Company to Shareholders to tender Ordinary Shares on the terms and subject to the conditions set out in this Circular and the Tender Form
"TFE instruction"	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear)
"TTE instruction"	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear)

PART I
LETTER FROM THE CHAIRMAN OF CLS

CLS Holdings plc

(Incorporated and Registered in England No. 2714781)

Directors

Lennart Sten (Non-Executive Chairman)
Anna Seeley (Non-Executive Vice Chairman)
Fredrik Widlund (Chief Executive Officer)
Andrew Kirkman (Chief Financial Officer)
Elizabeth Edwards (Non-Executive Director)
Bill Holland (Non-Executive Director)
Denise Jagger (Non-Executive Director)
Christopher Jarvis (Non-Executive Director)
Bengt Mortstedt (Non-Executive Director)

Registered and Head Office:

16 Tinworth Street
London SE11 5AL

15 August 2022

Dear Shareholder,

**Proposed purchase of 1 in every 40 Ordinary Shares at 250 pence per Ordinary Share
by way of a Tender Offer and Notice of General Meeting**

Introduction

On 11 May 2022, your Board announced an Updated Dividend Policy, Proposed Tender Offer and Trading Update (the “**Announcement**”). The Board reiterated its commitment to its strategy and business model to drive long-term value including its planned 2022 disposals which, as at the date of the Announcement, had been at or above valuations. The Board of CLS stated their belief that the share price discount to net tangible assets (“**NTA**”) was unjustified and that it was in the best interests of Shareholders to take steps to reduce this discount.

The Board also announced that, subject to the completion of a number of property sales by the end of the first half of 2022 and the significant share price discount to NTA persisting, it intended to undertake a tender offer of its Ordinary Shares.

In light of the persisting share price discount to NTA and the completion of a number of property sales, your Board announced on 10 August 2022 a tender offer to return up to approximately £25.5 million through the purchase of 1 in every 40 Ordinary Shares at 250 pence per Ordinary Share.

The purpose of this Circular is to provide you with information about the background to, and reasons for, the Tender Offer and why the Board considers that the Tender Offer is in the best interests of the Shareholders as a whole and why the Board unanimously recommends that you vote in favour of the Resolution to approve the Tender Offer to be proposed at the General Meeting, to be held at 11.00 a.m. on 9 September 2022, notice of which is set out in Part III of this Circular.

The Circular also contains details on the procedure that should be followed by those Qualifying Shareholders in order to participate in the Tender Offer.

Background to and reasons for the Tender Offer

During the first six months of the current financial year, the Board completed two property disposals, realising an aggregate of £10.1 million at prices that were in line with their valuations as at 31 December 2021.

Furthermore, on 3 August 2022, CLS announced that it had completed on the sale of two UK properties, Great West House, Brentford and 62 London Road, Staines and one French property, 96 Rue Nationale, Lille for a total of £39.8 million. The three properties sold for an average of 3.7% above the 31 December 2021 valuations.

The share price of an Ordinary Share has continued to trade at a significant discount to the NTA value of an Ordinary Share (last reported NTA per Ordinary Share of 352.8 pence per Ordinary Share, stated as at 30 June 2022). The Board believes the share price discount to its NTA is unjustified and it is in the best interests of all Shareholders to implement the Tender Offer to reduce this discount.

The Board has determined that the Tender Offer should be made at an appropriate premium to the price per Ordinary Share and that this would be the most suitable way of returning capital to Shareholders in a quick and efficient manner, taking account of the relative costs, complexity and timeframes of the possible methods, as well as treating all Shareholders equally.

PART I

LETTER FROM THE CHAIRMAN OF CLS continued

The Board of Directors of the Company considers the Tender Offer to be beneficial to the Shareholders as a whole, including, among other reasons, that:

- the Tender Offer is available to all Qualifying Shareholders regardless of the size of their holding;
- the Tender Price represents a premium over the price of Ordinary Shares, as follows:
 - a premium of 22.5% to the average of the Company's Ordinary Shares closing price of 204.0 pence for the 30 Business Days to the Latest Practicable Date; and
 - a premium of 18.8% to the Company's Ordinary Shares closing price of 210.5 pence on the Latest Practicable Date.
 - a premium of 20.2% to the Company's Ordinary Shares closing price of 208.0 pence on 9 August 2022 (the day prior to the release of the Company's half-year results).
- the Tender Offer provides Qualifying Shareholders who wish to reduce their holdings of Ordinary Shares with an opportunity to do so at a market-driven price with a premium;
- the Tender Offer permits Shareholders who wish to retain their current investment in the Company and their Ordinary Shares to do so, as no Shareholder is required to participate in the Tender Offer, and thus providing Shareholders with flexibility; and
- the Tender Offer will reduce the number of Ordinary Shares in issue, and so should, assuming earnings and net asset values of the Group's properties stay the same, have a positive impact on the Group's earnings per share and net asset value per share.

The size of the Tender Offer has been determined to be appropriate to ensure that the Group's loan-to-value ratio and liquidity remain within an acceptable level, being below 40% within a suitable timeframe, and with cash and liquid resources and available facilities being over £100 million, providing the Group with the flexibility to focus its portfolio on attractive growth prospects and continue to invest to improve the quality of its existing portfolio.

Shareholders should read the whole of this Circular and not just rely on the summarised information set out in this letter. Further information on the UK tax treatment of the Tender Offer for Shareholders is contained in Part II of this Circular.

Half Year Results and Current Trading

The Company delivered a robust set of results in the first half of this year with increases in net assets, profits and dividends. Our focus remains on our diverse and strong set of tenants with continued high rent collection and excellent results from our one hotel and student operation. CLS remains well-placed with significant financial strength despite the slowdown in market activity that we have seen since the end of the first quarter.

We secured 331,668 sq. ft (30,813 sqm) of lettings and renewals although vacancy increased to 6.9% (31 December 2021: 5.8%) due to lease expiries and completion of refurbishments, which are currently being marketed to prospective tenants. We invested £24.5 million of capital expenditure in an increased number of refurbishments and a limited amount of developments so as to improve the quality of our space to meet market needs.

Over the six months of 2022, EPRA NTA increased by 0.7% to 352.8p per share (31 December 2021: 350.5p) mainly as a result of positive foreign exchange movements due to sterling weakening and a slight overall uptick in property valuations before lease incentives. Total accounting return for the six month period was 2.2% (30 June 2021: (0.8%)).

Given market uncertainty, we have chosen to reduce our acquisition activity with just two acquisitions made in Germany for £76.9 million. The properties, which exchanged in the first quarter, completed in April and July. Each had a Net Initial Yield ("NIY") of 5.1% but both have good asset management opportunities and a combined reversionary yield of 5.6%. Two disposals were completed in the first half of this year for £10.1 million at book value with a NIY of 6.0%. Since the half-year, three further disposals have completed for £39.8 million at an average of 3.7% above 31 December 2021 book values with a NIY of 4.9%. We are targeting further disposals in the second half of this year, focussing on smaller properties with less growth potential to release funds to invest in the portfolio whilst maintaining gearing at appropriate levels.

The Tender Offer

Your Board is proposing that the Company makes a Tender Offer to purchase up to 10,184,894 Ordinary Shares, representing 2.5 per cent. of the Company's current issued ordinary share capital (excluding treasury shares), at 250 pence per Ordinary Share.

The Tender Offer will be open to all Qualifying Shareholders on the Company's share register on the Record Date. Qualifying Shareholders may participate in the Tender Offer by tendering either all or a proportion of their registered holdings of Ordinary Shares. Each Qualifying Shareholder will be entitled to sell under the Tender Offer, 1 Ordinary Share for every 40 Ordinary Shares registered in their name on the Record Date, rounded down to the nearest whole number of Ordinary Shares. The Tender Offer will also present Qualifying Shareholders with an opportunity to sell more than their pro rata entitlement of Ordinary Shares to the extent that other Qualifying Shareholders tender less than their pro rata entitlement. If the number of Ordinary Shares validly tendered is less than 10,184,894, surplus tenders will be accepted in proportion to the number of additional Ordinary Shares tendered so that the total number of Ordinary Shares purchased pursuant to the Tender Offer does not exceed 10,184,894. The Ordinary Shares purchased under the Tender Offer will be held in treasury. The Tender Offer will be void if less than 0.1 per cent. of the issued Ordinary Shares (excluding treasury shares) are, in aggregate, tendered.

If you hold Ordinary Shares in certificated form, tenders may only be made on the accompanying Tender Form, which is personal to the Shareholder(s) named on it and may not be assigned or transferred.

If you hold Ordinary Shares in uncertificated form, tenders may only be made by way of an electronic tender.

Unless the Board determines to vary the tender price in accordance with paragraph 8 of Part II of this Circular, a Tender Form and/or electronic tender once submitted cannot be withdrawn. To be valid, Tender Forms and/or electronic tenders must be received by the Receiving Agent no later than 3.00 p.m. on 9 September 2022.

Further information relating to the Tender Offer is set out in Part II of this Circular.

PART I

LETTER FROM THE CHAIRMAN OF CLS continued

Overseas Shareholders

The attention of Shareholders who are citizens, residents or nationals of countries outside the UK wishing to participate in the Tender Offer is drawn to paragraph 9 of Part II of this Circular.

Taxation

A summary of the taxation consequences of the Tender Offer for UK resident Shareholders is set out in paragraph 10 of Part II of this Circular. **It should be noted that this refers to the current system of taxation. Shareholders are advised to consult their own professional advisers regarding their own tax position.**

2022 Interim Dividend

As the record date for the Tender Offer is the same as the record date for the 2022 Interim Dividend, Shareholders who participate in the Tender Offer will continue to receive the 2022 Interim Dividend, being 2.60 pence per Ordinary Share, in respect of any Ordinary Shares tendered.

Notification of interests

Under Rule 5.1.2 of the DTR, certain substantial Shareholders are required to notify the Company and the FCA of the percentage of voting rights they hold as Shareholders or through their direct or indirect holding of financial instruments within the limits referred to in the DTR. Following the Company's purchase of Ordinary Shares in relation to the Tender Offer, the percentage of voting rights held by a Shareholder may change, giving rise to an obligation on the Shareholder to notify the Company and the FCA within two trading days of becoming aware or being deemed to have become aware of such change. If you are in any doubt as to whether you should notify the Company and the FCA or as to the form of that notification, please consult your solicitor or other professional adviser.

Substantial Shareholders

The respective interests of the Sten and Karin Mortstedt Family & Charity Trust, held through wholly owned subsidiaries of Creative Value Investment Group, and Bengt Mortstedt in the Company as at the Latest Practicable Date are set out in the table below together with details of the maximum percentage of the Company's voting rights that would be represented by their respective interests in the Company assuming that the Company purchases the maximum of 10,184,894 Ordinary Shares pursuant to the Tender Offer and that in each case neither the Sten and Karin Mortstedt Family & Charity Trust (through wholly owned subsidiaries of Creative Value Investment Group) nor Bengt Mortstedt nor their respective interests sells any of the Ordinary Shares in which they are beneficially interested pursuant to the Tender Offer or otherwise.

	Number of Ordinary Shares	Percentage of current issued Ordinary Share capital ³	Maximum percentage after Tender Offer ³	Maximum percentage after Tender Offer and full exercise of general authority ³
The Sten and Karin Mortstedt Family & Charity Trust ¹	209,648,740	51.46	52.78	58.81
Bengt Mortstedt ²	26,572,550	6.52	6.69	7.45
Totals	236,221,290	57.98	59.47	66.26

1 The Ordinary Shares of the Company in which the Sten and Karin Family & Charity Trust is interested are owned by subsidiaries of Creative Value Investment Group Limited, a company owned by the Sten and Karin Mortstedt Family & Charity Trust.

2 Bengt Mortstedt is considered a concert party with the Sten and Karin Family & Charity Trust.

3 Excluding treasury shares and assuming that neither the Sten and Karin Mortstedt Family & Charity Trust nor Bengt Mortstedt tender any Ordinary Shares under the Tender Offer and do not sell any Ordinary Shares to the Company, and in addition if the Company were to acquire any Ordinary Shares pursuant to the general on-market share buyback authority obtained at the 2022 Annual General Meeting.

The Sten and Karin Mortstedt Family Trust, through Creative Value Investment Group, and Bengt Mortstedt, have indicated to the Board that they intend to take up their pro rata entitlement under the Tender Offer.

Action to be taken

Tender Offer

Further details of the procedure for tendering and settlement are set out in Part II of this Circular and the accompanying Tender Form.

The procedure for tendering Ordinary Shares depends on whether Ordinary Shares are held in certificated or uncertificated form and is summarised below.

(a) Shares held in certificated form

Qualifying Shareholders who hold Ordinary Shares in certificated form and who wish to participate in the Tender Offer should follow the instructions on the accompanying Tender Form and return it to the Receiving Agent to arrive by no later than 3.00 p.m. on 9 September 2022. Qualifying Shareholders who hold their Ordinary Shares in certificated form should also send their share certificate(s) in respect of the Ordinary Shares tendered with their Tender Form.

(b) Shares held in uncertificated form

Qualifying Shareholders who hold their Ordinary Shares in uncertificated form (that is, in CREST) and who wish to tender all or any of their existing holdings of Ordinary Shares should tender electronically through CREST so that the TTE instruction settles no later than 3.00 p.m. on 9 September 2022. Further details of the procedures for tendering and settlement are set out in Part II of this Circular.

Shareholders who do not wish to participate in the Tender Offer should not complete the Tender Form and will not be required to make a TTE instruction.

Further information

The Tender Offer will be financed solely from the Company's existing cash resources.

PART I

LETTER FROM THE CHAIRMAN OF CLS continued

At the Latest Practicable Date, the issued share capital of the Company was 438,777,780 Ordinary Shares, of which 31,382,020 Ordinary Shares were held by the Company as treasury shares.

At the Latest Practicable Date, the Company operates the Performance Incentive Plan (the “**Plan**”) which sets out share awards made to participants of Element B of the Plan and a Long-Term Incentive Plan (the “**LTIP**”). As at this date, there were awards outstanding under Element B of the Plan in respect of 570,082 shares and options outstanding under the LTIP in respect of 1,956,940 shares. Together, these represented 0.62 per cent of the Company’s issued share capital on that date. If both the authority to purchase shares set out in the Resolution and the authority granted at the 2022 Annual General Meeting were exercised in full, the share awards would represent 0.71 per cent of the Company’s issued share capital as at the Latest Practicable Date.

Your attention is drawn to the Terms of the Tender Offer set out in Part II of this Circular.

Action to be taken

Action Shareholders should take in relation to the General Meeting

Whether or not you intend to attend the General Meeting in person, you are encouraged to appoint a proxy. To be valid, the accompanying form of proxy for use at the General Meeting must be completed and returned so as to reach the Registrars by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH by not later than 11.00 a.m. on 7 September 2022.

As an alternative to completing the enclosed form of proxy, Shareholders can appoint proxies electronically via www.clsholdings.com/evoting so that the instruction is received by the Registrars by not later than 11.00 a.m. on 7 September 2022. CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrars (under CREST participant 3RA50) by not later than 11.00 a.m. on 7 September 2022. The time of receipt will be taken to be the time from which the Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent advice.

Recommendation

The Board considers the Resolution to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do for their respective individual beneficial holdings of, in aggregate, 27,540,915 Ordinary Shares, representing approximately 6.77 per cent. of the Company’s issued share capital as at the Latest Practicable Date.

The Board makes no recommendation to Shareholders in relation to participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend on, amongst other things, their view of the Company’s prospects and their own individual circumstances, including their tax position. Shareholders need to take their own decision and are recommended to consult their duly authorised independent advisers.

Yours sincerely

Lennart Sten

Non-Executive Chairman

PART II

TERMS OF THE TENDER OFFER

1. Introduction

Shareholders are invited to tender Ordinary Shares on the terms and subject to the conditions set out in this Circular and the accompanying Tender Form. The Company will only acquire Ordinary Shares pursuant to the Tender Offer if at least 0.1 per cent. of the issued ordinary share capital of the Company (excluding treasury shares) is tendered.

The Board is proposing that the Company purchases from Qualifying Shareholders up to 10,184,894 Ordinary Shares at 250 pence per Ordinary Share. The Tender Offer is open to all Qualifying Shareholders on the Company's share register on the Record Date, who may participate by tendering all or a proportion of their holdings of Ordinary Shares at that price.

Each Qualifying Shareholder will be entitled to sell 1 Ordinary Share for every 40 Ordinary Shares registered in their name on the Record Date under the Tender Offer, rounded down to the nearest whole number of Ordinary Shares. Any resulting fractional entitlements of tendering Shareholders will be aggregated and used to satisfy surplus tenders. The Tender Offer will also present Qualifying Shareholders with an opportunity to sell more than their pro rata entitlement of Ordinary Shares to the extent that other tendering Shareholders tender less than their pro rata entitlement of Ordinary Shares. If the number of Ordinary Shares validly tendered is less than 10,184,894, surplus tenders will be accepted in proportion to the number of additional Ordinary Shares tendered so that the total number of Ordinary Shares purchased pursuant to the Tender Offer does not exceed 10,184,894.

Ordinary Shares purchased pursuant to the Tender Offer will be acquired free of all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto. Ordinary Shares purchased by the Company will be held in treasury.

2. Procedures for tendering Ordinary Shares

Different procedures apply for Ordinary Shares in certificated and uncertificated form.

If you hold Ordinary Shares in certificated form, you may only tender such Ordinary Shares by completing and returning the Tender Form in accordance with the instructions set out in paragraph 2(i) below and the instructions printed thereon.

If you hold Ordinary Shares in certificated form, but under different designations, you should complete a separate Tender Form in respect of each designation. Additional Tender Forms are available from Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH.

If you hold Ordinary Shares in uncertificated form (that is, in CREST) you may only tender such Ordinary Shares by TTE instruction in accordance with the procedure set out in paragraph 2(ii) below and, if those Ordinary Shares are held under different member account IDs, you should send a separate TTE instruction for each member account ID.

(i) Ordinary Shares held in certificated form

If you wish to participate in the Tender Offer you should complete, if relevant, Boxes 4, 6, 7 and 8, and sign Box 5 of the accompanying Tender Form in accordance with the instructions printed on it. Tenders may only be made on the accompanying Tender Form, which is personal to the Shareholder(s) named on it and may not be assigned or transferred. The Tender Form represents a right to tender Ordinary Shares. It is not a document of title.

If you hold Ordinary Shares in both certificated and uncertificated forms, you should complete a Tender Form for the certificated holding/s and tender your Ordinary Shares held in uncertificated form by TTE instruction in accordance with the procedure set out in paragraph 2(ii) below. In addition, you should complete separate Tender Forms for Ordinary Shares held in certificated form but under different designations. Additional Tender Forms can be obtained from the Receiving Agent.

If you wish to participate in the Tender Offer the completed and signed Tender Form, together with your share certificate(s) and/or other documents of title in respect of your Ordinary Shares tendered, should be returned by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH as soon as possible and, in any event, so as to be received not later than 3.00 p.m. on 9 September 2022. No acknowledgement of receipt of documents will be given. The instructions printed on the Tender Form shall be deemed to form part of the terms of the Tender Offer.

Box 2 of the accompanying Tender Form shows your entire registered shareholding in the Company on the Latest Practicable Date, under the name and address specified in Box 1. If you buy or sell any Ordinary Shares in certificated form between the Latest Practicable Date, and the Record Date you should amend Box 2 with the new number of Ordinary Shares in certificated form held by you.

Box 3 shows the number of Ordinary Shares in certificated form you are entitled to sell pursuant to the Tender Offer calculated on the basis of 1 Ordinary Share for every 40 Ordinary Shares in certificated form registered in your name on the Latest Practicable Date, rounded down to the nearest whole number of Ordinary Shares. If you buy or sell any Ordinary Shares in certificated form between the Latest Practicable Date, and the Record Date, the Ordinary Shares in certificated form you are entitled to sell pursuant to the Tender Offer will be adjusted accordingly and you should enter your amended entitlement (based on the new number to be entered by you in Box 2) in Box 3.

To accept the Tender Offer, insert in Box 4 the total number of Ordinary Shares in certificated form that you wish to tender under the Tender Offer if different from the number shown in Box 3 (amended, as appropriate). If no number of Ordinary Shares in certificated form is inserted in Box 4, and you have signed Box 5, you will be deemed to have inserted in Box 4 the number of Ordinary Shares in certificated form shown in Box 3 (amended, as appropriate) or, if less, your entire holding of Ordinary Shares in certificated form. If a number greater than your entire holding of Ordinary Shares is inserted in Box 4 and you have signed Box 5, you will be deemed to have inserted in Box 4 the number of Ordinary Shares shown in Box 2 (amended, as appropriate) representing the whole of your registered holding of Ordinary Shares in certificated form on the Record Date.

PART II

TERMS OF THE TENDER OFFER continued

All Tender Forms are issued only to the addressees and are specific to the classes of security and the unique designated accounts printed on the Tender Forms. These personalised forms are not transferable between different (i) account holders; (ii) classes of security; or (iii) uniquely designated accounts. The Company, Liberum Capital and the Registrars accept no responsibility for any instruction that does not comply with these instructions.

(ii) Ordinary Shares in uncertificated form (that is, in CREST)

If the Ordinary Shares that you wish to tender are in uncertificated form you should take (or procure to take) the action set out below to transfer to escrow (by means of a TTE instruction) the total number of Ordinary Shares that you wish to tender under the Tender Offer, specifying the Receiving Agent (in its capacity as a CREST participant under the participant ID referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than 3.00 p.m. on 9 September 2022.

The input and settlement of a TTE instruction in accordance with this paragraph (ii) shall constitute an offer to sell the number of Ordinary Shares at the price indicated on the terms of the Tender Offer, by transferring such Ordinary Shares to the relevant escrow account as detailed below (an **"Electronic Tender"**).

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your Participant ID and the Member account ID under which your Ordinary Shares are held. In addition, only your CREST sponsor will be able to send the TTE instruction to Euroclear in relation to your Ordinary Shares.

To tender Ordinary Shares in uncertificated form you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, the following details:

- the number of Ordinary Shares to be transferred to an escrow balance;
- your Member account ID;
- your Participant ID;
- the Participant ID of the escrow agent, the Receiving Agent, in its capacity as a CREST receiving agent. This is: 3RA33;
- the Member account ID of the escrow agent. This is: CLSHOLD;
- the Corporate Action Number of the Tender Offer, which is allocated by CREST and which will be available on screen from Euroclear; and
- the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event no later than 3.00 p.m. on 9 September 2022.

After settlement of the TTE instruction, you will not be able to access the Ordinary Shares concerned in CREST for any transaction or charging purposes, notwithstanding that they will be held by the Receiving Agent as your agent until they are transferred to itself, as escrow agent for the Company. On the first Business Day after the closing of the Tender Offer, the Receiving Agent will transfer the Ordinary Shares that are accepted by the Company to itself, as escrow agent for the Company.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Ordinary Shares to settle prior to 3.00 p.m. on 9 September 2022. In this connection you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

An appropriate announcement will be made if any of the details contained in this paragraph (ii) are altered in any material respect for any reason.

Withdrawals of Electronic Tenders are not permitted once submitted.

(iii) Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer. Shareholders who are proposing to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable them to take all necessary steps in connection with any participation in the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 3.00 p.m. on 9 September 2022.

(iv) Share certificates and documents of title not readily available or lost

If your Ordinary Shares are in certificated form but your share certificate(s) and/or other document(s) of title is/are not readily available or are lost, the Tender Form should nevertheless be completed, signed and returned as described in paragraph 2(i) above so as to be received not later than 3.00 p.m. on 9 September 2022 together with any share certificate(s) and/or other document(s) of title that you may have available, accompanied by a letter stating that the balance will follow and the share certificate(s) and/or other document(s) of title should be forwarded as soon as possible thereafter and, in any event, so as to arrive by not later than 3.00 p.m. on 9 September 2022.

If you have lost your share certificate(s) and/or other document(s) of title, you should write to the Registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH for a letter of indemnity in respect of the lost share certificate(s) and/or other document(s) of title that, when completed in accordance with the instructions given, should be returned by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH to be received no later than 3.00 p.m. on 9 September 2022.

You should note that no payment will be made until satisfactory documentation has been received as described above.

PART II

TERMS OF THE TENDER OFFER continued

(v) Miscellaneous

Tendering Shareholders will not be obliged to pay brokerage fees, commissions or transfer taxes or duty in the UK on the sale of Ordinary Shares in relation to the Tender Offer.

The delivery of share certificates for Ordinary Shares and all other required documents and all remittances will be at the risk of the tendering Shareholder.

All trade reporting and transaction reporting in respect of the purchases and sales of Ordinary Shares in relation to the Tender Offer will be executed by the Company's stockbrokers as agent for CLS.

If you are in any doubt as to the procedure for acceptance, please contact the Receiving Agent by telephone on 0370 889 3286 or at either of the addresses set out on page 1 of the accompanying Tender Form. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

3. Settlement

Unless the Tender Offer becomes void or is terminated or is extended, the outcome of the Tender Offer and (if applicable) the extent to which tenders will be scaled down will be announced by no later than 8.30 a.m. on 12 September 2022. The payment of any consideration for Ordinary Shares pursuant to the Tender Offer will be made only after the relevant TTE instruction has settled or (in the case of Ordinary Shares in certificated form which are tendered) timely receipt by the Receiving Agent of share certificate(s) and/or other document(s) of title, a properly completed and duly executed Tender Form and any other documents required by the Tender Form.

If any tendered Ordinary Shares are not purchased by the Company pursuant to the terms of the Tender Offer, relevant share certificate(s) evidencing any such Ordinary Shares and/or other document(s) of title will be returned or sent as promptly as practicable without expense to, but at the risk of, the tendering Shareholder. In the case of any tendered Ordinary Shares held in uncertificated form (that is, in CREST) which are not purchased by the Company pursuant to the terms of the Tender Offer, the escrow agent will provide instructions to Euroclear to transfer all Ordinary Shares held in escrow balances by TFE instruction to the original available balances from which those Ordinary Shares came.

Settlement of the consideration to which any Qualifying Shareholder is entitled pursuant to valid tenders accepted by the Company, will be made as follows:

(i) Ordinary Shares in uncertificated form (that is, in CREST)

Where an accepted tender relates to Ordinary Shares in uncertificated form, any cash consideration will be paid by means of CREST by the Company procuring the creation of an assured payment obligation in favour of the payment banks of tendering Shareholders in accordance with the CREST assured payment arrangements, not later than twelve Business Days after the day that the outcome of the Tender Offer is announced.

The Company reserves the right to settle all or any part of the consideration referred to in this paragraph (i), for all or any accepted tenders, in the manner referred to in paragraph (ii) below, if, for any reason, it wishes to do so.

(ii) Ordinary Shares in certificated form

Where an accepted tender relates to Ordinary Shares in certificated form, cheques for the consideration will be despatched by first class post not later than twelve Business Days after the day that the outcome of the Tender Offer is announced at the risk of the person entitled thereto. All cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

Delivery of cash for the Ordinary Shares to be purchased by the Company pursuant to the Tender Offer will be made by the Receiving Agent. The Receiving Agent will act as agent for tendering Shareholders for the purpose of receiving the cash and transmitting such cash to tendering Shareholders. Under no circumstances will interest be paid on the cash to be paid by the Company or the Receiving Agent regardless of any delay in making such payment.

4. Tender Form

Each Shareholder by whom, or on whose behalf, a Tender Form is executed irrevocably undertakes, represents, warrants and agrees to and with CLS and Liberum Capital, for itself and as agent for CLS, so as to bind such holder and their personal or legal representatives, heirs, successors and assigns to the following effect:

- (i) that the execution of the Tender Form shall constitute an irrevocable offer to sell to the Company the total number of Ordinary Shares inserted or deemed to have been inserted in Box 4 of the Tender Form on and subject to the terms and conditions set out or referred to in this Circular and the Tender Form;
- (ii) that such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Ordinary Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto and such representation and warranty will be true in all respects at the time the Company purchases such Ordinary Shares as if it had been entered into anew at such time and shall not be extinguished by such purchase;
- (iii) that the execution of the Tender Form will, upon acceptance of such irrevocable offer, constitute the irrevocable appointment of any director of, or other person nominated by, CLS or Liberum Capital as such Shareholder's attorney and agent ("**attorney**"), and an irrevocable instruction to the attorney, to complete and execute all or any contracts and/or other documents at the attorney's discretion in relation to the Ordinary Shares referred to in sub-paragraph (i) above for the purchase of such Ordinary Shares by the Company and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer;

PART II

TERMS OF THE TENDER OFFER continued

- (iv) that such Shareholder agrees to ratify and confirm each and every act or thing that may be done or effected by CLS or Liberum Capital or any of its directors or any person nominated by CLS or Liberum Capital in the proper exercise of its or his or her powers and/or authorities hereunder;
- (v) that in respect of tendered Ordinary Shares held in certificated form, such Shareholder will deliver to the Receiving Agent their share certificate(s) and/or other document(s) of title in respect of the Ordinary Shares referred to in sub-paragraph (i) above, or an indemnity acceptable to CLS in lieu thereof, or will procure the delivery of such documents to such person as soon as possible thereafter and, in any event, before the closing of the Tender Offer;
- (vi) that the terms of this Part II shall be deemed to be incorporated in, and form part of, the Tender Form, which shall be read and construed accordingly;
- (vii) that such Shareholder shall do all such acts and things as shall be necessary and execute any additional documents deemed by CLS to be desirable to complete the purchase of the Ordinary Shares referred to in sub-paragraph (i) above and/or to perfect any of the authorities expressed to be given hereunder;
- (viii) that the execution of a Tender Form constitutes, subject to the Tender Offer becoming unconditional, irrevocable authorisations and requests if the Ordinary Shares concerned are in certificated form to the Company to procure the despatch by post of a cheque drawn in pounds sterling at a branch of a UK clearing bank for the cash consideration to which a tendering Shareholder is entitled, at the risk of such Shareholder, to the personal agent whose name and address outside the United States, Canada, Australia, South Africa or Japan is set out in Box 8 of the Tender Form, or if no such name and address is set out in Box 8, to the first named holder at his registered address outside the United States, Canada, Australia, South Africa or Japan; and
- (ix) that such Shareholder is not a North American person (as defined in paragraph 9 below) or a resident of Australia, South Africa or Japan, does not hold any Ordinary Shares that he has tendered on behalf of any North American person or any resident of Australia, South Africa or Japan and (save as set out below) is not acting on behalf of a North American person or a resident of Australia, South Africa or Japan and has not received or sent copies of this Circular, the Tender Form or any related documents in, into or from the United States, Canada, Australia, South Africa or Japan, has not utilised in connection with the Tender Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile transmissions, telex and telephone) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States, was outside the United States, Canada, Australia, South Africa or Japan when the Tender Form was delivered and is not an agent or fiduciary acting on a non-discretionary basis for a principal unless such agent or fiduciary is an authorised employee of such principal and such authorised employee is outside the United States, Canada, Australia, South Africa or Japan or such principal has given any instructions with respect to the Tender Offer from outside the United States, Canada, Australia, South Africa or Japan.

The failure of any person to receive a copy of this Circular or the Tender Form shall not invalidate any aspect of the Tender Offer. Additional copies of this Circular and the Tender Forms can be obtained from the Receiving Agent. No acknowledgement of receipt of any Tender Forms, share certificates and/or other documents of title will be given.

All powers of attorney and authorities conferred by or referred to in this Circular or in the Tender Forms are given by way of security for the performance of the obligations of the Shareholders concerned and are irrevocable in accordance with Section 4 of the Powers of Attorney Act 1971.

The Tender Offer, all Tender Forms and all contracts resulting therefrom shall be governed by and construed in accordance with English law. Execution on behalf of a Shareholder of a Tender Form constitutes his or her submission, in relation to all matters arising out of or in connection with the Tender Offer and the Tender Form, to the jurisdiction of the English courts.

References in this paragraph to a holder of Ordinary Shares or a Shareholder shall include references to the person or persons executing a Tender Form and, in the event of more than one person executing a Tender Form, the provisions of this paragraph shall apply to them jointly and to each of them.

5. Allocation policy

Each Qualifying Shareholder will be entitled to sell 1 Ordinary Share for every 40 Ordinary Shares registered in his name on the Record Date under the Tender Offer, rounded down to the nearest whole number of Ordinary Shares. Tendering Shareholders may sell more than their pro rata entitlement of Ordinary Shares to the extent that other Shareholders tender less than their pro rata entitlement of Ordinary Shares. If the number of Ordinary Shares validly tendered exceeds 10,184,894 and if and to the extent that any Qualifying Shareholders have tendered less than their pro rata entitlement under the Tender Offer, surplus tenders will be accepted in proportion to the number of additional Ordinary Shares tendered so that the total number of Ordinary Shares purchased pursuant to the Tender Offer does not exceed 10,184,894.

PART II

TERMS OF THE TENDER OFFER continued

6. Invalid tenders

Liberum Capital and CLS reserve the absolute right to inspect (either themselves or through their agents) all Tender Forms, and may consider void and reject any tender that does not in the sole judgment of Liberum Capital and CLS meet the requirements of the Tender Offer. None of Liberum Capital, CLS, the Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. Liberum Capital and CLS reserve the right, in their sole discretion, to treat as valid in whole or in part any Tender Form that is not entirely in order or that is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, however, the consideration under the Tender Offer will only be dispatched when the Tender Form is entirely in order, when the relevant TTE instruction has been settled or (as the case may be) the relevant share certificate(s) and/or other documents of title or indemnities satisfactory to CLS and Liberum Capital has/have been received.

- (i) All tenders received in respect of Ordinary Shares held in certificated form must be made on a Tender Form delivered to the Receiving Agent.
- (ii) **A Tender Form which is received in respect of Ordinary Shares held in uncertificated form will not constitute a valid tender and will be disregarded.** Holders of Ordinary Shares in uncertificated form who wish to tender any such Ordinary Shares should note that a TTE Instruction submitted will only be a valid tender as at the Closing Date, 9 September 2022, if it has settled on or before 3.00 p.m. on that date.

7. Closing Date and right to extend

The Tender Offer will close at 3.00 p.m. on 9 September 2022 (the “**Closing Date**”) and no tenders that are received after that time will be accepted unless Liberum Capital and CLS, in their sole and absolute discretion, shall have extended the period during which the Tender Offer is open, in which event the term “Closing Date” shall mean the latest time and date at which the Tender Offer, as so extended by Liberum Capital and CLS, shall close. Liberum Capital and CLS shall notify the Receiving Agent of any extension of the Closing Date by oral or written notice and shall notify holders of Ordinary Shares of such extension by public announcement not later than 3.00 p.m. on 9 September 2022.

8. Right to terminate or amend the Tender Offer

- (i) If at any time prior to the Closing Date there shall occur any change in the financial position or prospects and/or circumstances of CLS or there shall occur any change in national or international, financial, economic, political or market conditions which, in the opinion of CLS (acting in its absolute discretion), renders the Tender Offer temporarily or permanently impracticable or inadvisable (taking into account the background to and reasons for the Tender Offer) CLS shall be entitled to determine that the Tender Offer is terminated and that no Ordinary Shares tendered under the Tender Offer shall be acquired. If it is determined that the Tender Offer is terminated, it shall cease and determine absolutely and CLS shall, as soon as practicable thereafter, notify Shareholders in writing.
- (ii) If at any time prior to the Closing Date there shall occur an increase in the market price of an Ordinary Share from 210.5 pence, (which is the closing price of an Ordinary Share on the Latest Practicable Date, which, in the opinion of CLS (acting in its absolute discretion), renders the tender price per Ordinary Share of 250 pence under the Tender Offer less attractive to Shareholders, CLS shall be entitled to determine either that the Tender Offer is terminated and that no Ordinary Shares tendered under the Tender Offer shall be acquired or that the price per Ordinary Share, at the sole discretion of CLS, be increased up to an amount equal to no more than 35 per cent. above the average of the closing prices for the Ordinary Shares as derived from the London Stock Exchange for the five Business Days immediately preceding the day on which the Directors set the increased tender price. If the tender price is increased the ratio of the terms of the Tender Offer shall be amended so that the consideration payable to a Qualifying Shareholder pursuant to the Tender Offer will, so far as practicable, remain the same or increase slightly. Unless CLS specifies otherwise, all tenders will remain valid if the terms of the Tender Offer are amended to increase the tender price per Ordinary Share. The benefit of any increase to the tender price per Ordinary Share pursuant to the Tender Offer will be made available to all Qualifying Shareholders whose tenders have been accepted at the original tender price of 250 pence per Ordinary Share. If it is determined that the Tender Offer is terminated, it shall cease and determine absolutely and CLS shall, as soon as practicable thereafter, notify Shareholders in writing. If any such determination to increase the tender price per Ordinary Share is made, CLS shall, as soon as practicable thereafter, notify Shareholders in writing.
- (iii) If at any time prior to the Closing Date there shall occur a decrease in the market price of an Ordinary Share from 210.5 pence, (which is the closing price of an Ordinary Share on the Latest Practicable Date, which, in the opinion of CLS (acting in its absolute discretion), renders the tender price per Ordinary Share of 250 pence under the Tender Offer to be too high, CLS shall be entitled to determine either that the Tender Offer is terminated and that no Ordinary Shares tendered under the Tender Offer shall be acquired or that the tender price per Ordinary Share, at the sole discretion of CLS, be decreased provided that the revised tender price shall be above the average of the closing market prices for the Ordinary Shares as derived from the London Stock Exchange for the five Business Days immediately preceding the day on which the Directors set the decreased tender price. If the tender price is decreased the ratio of the terms of the Tender Offer may at the discretion of CLS be amended, provided that the maximum number of Ordinary Shares to be tendered under the Tender Offer shall be 10,184,894. If it is determined that the Tender Offer is terminated, it shall cease and determine absolutely and CLS shall, as soon as practicable thereafter, notify Shareholders in writing. If any such determination to decrease the tender price per Ordinary Share is made, CLS shall, as soon as practicable thereafter, notify Shareholders in writing providing details of the procedure to follow to withdraw or amend Tender Forms or (as the case may be) TTE instructions prior to the Closing Date. If Shareholders are notified of the decreased tender price less than five Business Days before the Closing Date, CLS will extend the Closing Date so that Qualifying Shareholders have at least five Business Days to withdraw or amend Tender Forms.

PART II

TERMS OF THE TENDER OFFER continued

9. Overseas Shareholders

- (i) The making of the Tender Offer in, or to certain persons who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom may be affected by the laws of the relevant overseas jurisdiction. Shareholders who are citizens, residents or nationals, of other countries should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents that may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any such Shareholder will be responsible for payment of any such issue, transfer or other taxes or other requisite payments due by whomsoever payable and Liberum Capital and CLS and any person acting on either's behalf shall be entitled to be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other taxes as such person may be required to pay.
- (ii) In particular, the Tender Offer is not being made directly or indirectly in, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States, Canada, Australia, South Africa or Japan. This includes, but is not limited to, facsimile transmission, telex and telephone. Copies of this Circular, the Tender Form and any related documents are not being mailed or otherwise distributed or sent in or into the United States, Canada, Australia, South Africa or Japan, including to Shareholders with registered addresses in these jurisdictions or to persons whom CLS knows to be trustees, nominees or custodians holding Ordinary Shares for such persons. Persons receiving such documents (including, without limitation trustees, nominees or custodians) must not distribute or send them in or into the United States, Canada, Australia, South Africa or Japan or use such mails or any such means or instrumentality for any purpose directly or indirectly in connection with the Tender Offer, and so doing may invalidate any purported tender pursuant to the Tender Offer. Persons wishing to tender pursuant to the Tender Offer must not use such mails or any such means or instrumentality for any purpose directly or indirectly related to any tender pursuant to the Tender Offer. Envelopes containing Tender Form(s) should not be postmarked in the United States, Canada, Australia, South Africa, or Japan or otherwise despatched from the United States, Canada, Australia, South Africa, or Japan, and all acceptors must provide addresses outside the United States, Canada, Australia, South Africa or Japan for the remittance of cash, or for the return of Tender Form(s), share certificates and/or other document(s) of title.
- (iii) The provisions of this paragraph 9 and/or any other terms of the Tender Offer relating to overseas shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by Liberum Capital and CLS in their absolute discretion. Subject to this, the provisions of this paragraph 9 supersede any terms of the Tender Offer inconsistent herewith. References in this paragraph 9 to a Shareholder shall include references to the persons executing a Tender Form and, in the event of more than one person executing a Tender Form, the provisions of this paragraph 9 shall apply to them jointly and severally.
- (iv) A Shareholder will be deemed not to have offered Ordinary Shares pursuant to the Tender Offer if such Shareholder is unable to make the representations and warranties set out in paragraph 4(ix) above.

As used in this Circular and in the Tender Form, the "United States" means the United States of America (including the District of Columbia), its territories, its possessions and all other areas subject to its jurisdiction and "US person" means (i) any individual who is a resident or citizen of the United States and (ii) a corporation, partnership or other entity created or organised in or under the laws of the United States or an estate or trust the income of which is subject to United States federal income taxation regardless of its source and **"North American person"** means a US person and any individual, corporation, partnership, trust or other entity resident in Canada or receiving the Circular in Canada, provided, however, that the terms **"North American person"** and **"US person"** shall not include a branch or agency of a United States bank or insurance company that is operating outside the United States for valid business reason as a locally registered branch or agency engaged in the banking or insurance business and not solely for the purpose of investing in securities not registered under the United States Securities Act 1933 (as amended).

10. Tax Consequences of the Tender Offer

The Board has been advised that, under current UK legislation and HMRC published practice, the UK taxation consequences of a purchase by CLS of its Ordinary Shares from Shareholders are broadly as outlined below.

This summary is intended as a general guide and is not exhaustive. This summary is based on current UK tax law and what is understood to be the current published practice of HMRC as at the date of this Circular, both of which are subject to change (possibly with retrospective effect), and the summary does not (unless specifically stated) take into account any future changes in law or HMRC practice. The summary relates only to certain limited aspects of the UK tax treatment of Shareholders.

This summary is intended to apply only to Shareholders: (i) who are resident (and, in the case of individuals, domiciled) in (and only in) the UK for UK tax purposes (unless the position of non-UK resident Shareholders is expressly referred to); (ii) to whom split-year treatment does not apply; (iii) in the case of individuals, who are not Scottish or Welsh taxpayers; (iv) who are the absolute beneficial owners of their Ordinary Shares and any dividends paid, or other distributions made, in respect of those shares; (v) who hold their Ordinary Shares as investments (otherwise than through an individual savings account or a pension arrangement) and not as securities to be realised in the course of a trade; (vi) to whom the UK tax rules concerning carried interest do not apply in relation to their holding or disposal of shares; and (vii) who are not a corporate shareholder that is beneficially entitled to 10 per cent. or more of the Company's shares or distributions and/or controls 10 per cent. or more of the Company's voting rights.

This summary may not apply to certain Shareholders, such as dealers in securities, broker dealers, insurance companies and collective investment schemes, pension schemes, trustees, Shareholders who are exempt from UK taxation, Shareholders who acquired their Ordinary Shares under share incentive arrangements or by (or deemed to be by) virtue of an office or employment, or persons who are connected with the Group or who have acquired their Ordinary Shares other than for bona fide commercial reasons. Such Shareholders may be subject to special rules.

PART II

TERMS OF THE TENDER OFFER continued

This summary does not constitute legal or tax advice. Any Shareholder who is in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK, should consult an appropriate independent professional adviser.

The position of Shareholders

When CLS purchases Ordinary Shares from Qualifying Shareholders pursuant to the Tender Offer, a Shareholder will generally be treated for UK tax purposes as receiving partly a capital sum for the disposal of the Ordinary Shares equal to the amount treated (for UK tax purposes) as paid up on each Ordinary Share (broadly being the amount originally subscribed for the Ordinary Shares, including any premium paid on subscription) (the **"Capital Amount"**) and partly an income distribution to the extent of the amount of any excess above the Capital Amount (the **"Distribution Amount"**).

The Company expects that the Distribution Amount will not be treated as a "property income distribution" for UK tax purposes. On this basis, the Company is not expected to be required to make any deduction of basic rate UK income tax at source in respect of the Distribution Amount. The subsequent paragraphs in this summary have been drafted on the basis that the Distribution Amount will not be a "property income distribution" for UK tax purposes.

Taxation of income

Liability to UK income tax or UK corporation tax on income in respect of the Distribution Amount will depend upon the individual circumstances of the Shareholder. An overview of the applicable UK tax rules is set out below.

(i) UK resident individual Shareholders

To the extent that an individual resident (for tax purposes) in the UK receives a Distribution Amount pursuant to the Tender Offer, the amount of UK income tax payable on the receipt will depend on the individual's own personal tax position.

No UK income tax should be payable if the Distribution Amount received, when aggregated with the Shareholder's other dividend income in the year of assessment, does not exceed the annual tax-free allowance (£2,000 for the 2022/23 tax year). "Dividend income" for these purposes includes any UK and non UK source dividends and certain other distributions in respect of shares. Dividend income in excess of the tax-free allowance is taxed at the following rates (for the 2022/23 tax year):

- 8.75 per cent. to the extent that it falls within the basic rate band;
- 33.75 per cent. to the extent it falls within the higher rate band; and
- 39.35 per cent. to the extent it falls within the additional rate band.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the annual tax-free allowance (the nil-rate band) which would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

(ii) UK resident trustee Shareholders

Trustees of UK resident trusts should take appropriate advice on the tax consequences of the Tender Offer. Generally, UK resident trusts that are regarded as discretionary or accumulation trusts may be subject to income tax at the dividend trust rate on the total of the Distribution Amount received (8.75 per cent. for trust income up to £1,000 and 39.35 per cent. for trust income over £1,000 for the 2022/23 tax year). The annual tax-free allowance applies to individuals only and there is no equivalent allowance for trusts.

(iii) Corporate Shareholders within the charge to UK corporation tax

To the extent that a corporate Shareholder within the charge to UK corporation tax receives a Distribution Amount pursuant to the Tender Offer, it is likely that the Distribution Amount will fall within one or more of the classes of income distribution qualifying for exemption from corporation tax. In that case, the whole of the purchase price should be brought into account in the calculation of any chargeable gain on the disposal of the Ordinary Shares (see the section entitled "Taxation of chargeable gains" below).

However, the income distribution exemptions are not comprehensive and are also subject to anti-avoidance rules. To the extent that the Distribution Amount received does not fall within an exemption, that Distribution Amount will be taxable as an income distribution at the prevailing corporation tax rate of 19 per cent. (subject to any available exemptions or relief) and that amount will be excluded from the chargeable gains computation, as it will have been taken into account for the purposes of computing income.

(iv) Non-UK resident Shareholders

Non-UK resident Shareholders should clarify their position with their professional adviser. Non-UK resident Shareholders should not generally be subject to UK tax on income in respect of the Distribution Amount (whether via withholding or direct assessment), unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a company, a permanent establishment) in connection with which the Ordinary Shares are used, held or acquired.

Taxation of chargeable gains

As summarized further above, when CLS purchases Ordinary Shares from Qualifying Shareholders pursuant to the Tender Offer, for UK tax purposes Qualifying Shareholders will be treated as receiving a capital sum (the "Capital Amount") for the disposal of their Ordinary Shares. This disposal of Ordinary Shares may, depending on the individual circumstances of the Qualifying Shareholder (including the availability of exemptions and reliefs) give rise to a chargeable gain or an allowable loss for the purposes of UK taxation on chargeable gains. The extent of any gain or loss arising to a particular Qualifying Shareholder will also depend on their base cost in the Ordinary Shares that they dispose of.

PART II

TERMS OF THE TENDER OFFER continued

(i) UK resident individual Shareholders

No UK capital gains tax should be payable if any chargeable gain in respect of the Capital Amount received, when aggregated with the Shareholder's other chargeable gains in the year of assessment, does not exceed the annual tax-free exemption (£12,300 for the 2022/23 tax year). Chargeable gains in excess of the tax-free exemption are taxed at the following rates (for the 2022/23 tax year):

- 20 per cent. for Shareholders liable to income tax at the higher or additional rate; and
- 10 per cent. for Shareholders whose taxable income for the year in question is less than the upper limit of the basic rate income tax band (£37,700 for the 2022/23 tax year), except to the extent that the aggregate of their total taxable income and gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to tax at the rate of 20 per cent.

(ii) UK resident trustee Shareholders

UK resident trusts should take appropriate advice on the tax consequences of the Tender Offer. Generally, UK resident trustee Shareholders can generally benefit from an annual exemption from chargeable gains tax of £6,150 (for the 2022/23 tax year). Chargeable gains in excess of the tax-free exemption are taxed at 20 per cent.

(iii) Corporate Shareholders within the charge to UK corporation tax

Corporate shareholders suffer UK corporation tax on chargeable gains at the prevailing rate of corporation tax (19 per cent. for the 2022/23 tax year). Indexation relief may apply to reduce the amount of any chargeable gain for these purposes, but will not create or increase any allowable loss, and will only apply from the date of acquisition up to 31 December 2017 (and not in respect of changes shown in the retail prices indices for months after December 2017). The comment at paragraph (iii) of the section entitled "Taxation of income" above regarding the chargeable gain computation should be noted.

(iv) Non-UK resident Shareholders

Non-UK resident Shareholders should clarify their position with their professional adviser. A Shareholder who is not resident for tax purposes in the UK will generally be subject to UK taxation of chargeable gains on the disposal of Ordinary Shares pursuant to the Tender Offer if the Shareholder is carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Ordinary Shares are used, held or acquired. In addition, chargeable gains realised by non-residents on the disposal of assets (including shares) deriving at least 75 per cent. of their value from UK land are subject to UK taxation of chargeable gains in certain circumstances. Non-UK resident Shareholders should clarify the application of these rules with their professional adviser.

An individual Shareholder who has previously been resident for tax purposes in the UK, but who ceases to be so resident (or becomes treated as resident outside the UK for the purposes of a double tax treaty) for a period of five years or less, and who disposes of all or part of their Ordinary Shares pursuant to the Tender Offer during that period of temporary non-residency, may be liable to UK capital gains tax on their return to the UK under certain anti-avoidance rules, subject to the relevant conditions applying and subject to any available exemptions or reliefs.

Transactions in securities

Under section 684 Income Tax Act 2007 (for individuals), HMRC can, in certain circumstances, counteract income tax advantages arising in relation to transactions in securities. Were section 684 to be successfully invoked against any individual Shareholder, that individual Shareholder would be likely to be taxed as though the consideration for the sale of their Ordinary Shares to the Company was an income distribution.

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for corporates), HMRC can in certain circumstances counteract corporation tax advantages arising in relation to transactions in securities. If these provisions were to be applied by HMRC to the Tender Offer, Shareholders who are subject to corporation tax might be liable to corporation tax as if they had received an income distribution.

These transactions in securities provisions apply only in certain circumstances and, in particular, do not apply where it can be shown that the transaction in question was entered into for genuine commercial reasons and did not involve as one of its main objects the obtaining of an income tax or corporation tax advantage. In view of these restrictions on the application of the anti-avoidance provisions, no application has been made to HMRC for clearance in respect of the application of these provisions to the Tender Offer. UK resident individual Shareholders and corporate Shareholders who are within the charge to UK corporation tax are advised to take independent advice as to the potential application of the above provisions in light of their own particular motives and circumstances.

Stamp duty

Stamp duty at the rate of 0.5 per cent. of the purchase price will be payable by CLS in respect of the repurchase of Ordinary Shares pursuant to the Tender Offer.

PART III
Notice of General Meeting

CLS Holdings plc

(Incorporated and Registered in England No. 2714781)

Notice of General Meeting

Notice is hereby given that a General Meeting of CLS Holdings plc (the “**Company**”) will be held at 16 Tinworth Street, London SE11 5AL on 9 September 2022 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

Special Resolution

1. That, in addition to the authority granted at the Annual General Meeting of the Company held on 28 April 2022 to make market purchases of up to 40,739,576 ordinary shares of 2.5 pence each in the capital of the Company (“**Ordinary Shares**”), the Company be and is hereby unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the “**Act**”) to make one or more market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares pursuant to tenders made in relation to the Tender Offer (as defined in the circular to shareholders of the Company dated 15 August 2022) provided that:
 - (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 10,184,894 (representing approximately 2.5 per cent. of the Company’s issued share capital excluding treasury shares);
 - (b) the minimum price (exclusive of expenses) which shall be paid for an Ordinary Share pursuant to this authority shall be 2.5 pence, being the nominal value of an Ordinary Share;
 - (c) the maximum price (exclusive of expenses) which shall be paid for an Ordinary Share pursuant to this authority shall be 250 pence or, if the Directors determine to increase the price to be paid per share, an amount equal to not more than 35 per cent. above the average of the closing market quotations for the Ordinary Shares as derived from the London Stock Exchange Trading System (SETS) for the five dealing days immediately preceding the day on which the Directors set the increased price, in each case exclusive of expenses;
 - (d) unless previously revoked or varied, the authority hereby conferred shall, subject as provided in paragraph (e) of this Resolution, expire on the date which is 18 months from the date of passing this Resolution;
 - (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

Dated 15 August 2022
Registered Office
16 Tinworth Street
London SE11 5AL

BY ORDER OF THE BOARD
David Fuller
Company Secretary

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint a proxy to exercise all or any of the rights of the member to attend and speak and vote on his behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The right to appoint a proxy does not apply to any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the “**2006 Act**”) to enjoy information rights (a “**Nominated Person**”).
2. To appoint a proxy you may:
 - (a) use the Form of Proxy enclosed with this Notice of General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be received by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH in each case no later than 11.00 a.m. on 7 September 2022; or
 - (b) appoint proxies electronically via www.clsholdings.com/evoting. For an electronic proxy appointment to be valid, the appointment must be received by the Registrars by no later than 11.00 a.m. on 7 September 2022. Any electronic communication sent by a member to the Registrars which is found to contain a virus will not be accepted by the Company; or
 - (c) If you hold your shares in uncertificated form, use the CREST electronic proxy appointment service as described in Note 6 below. Completion of the Form of Proxy or the appointment of a proxy electronically via www.clsholdings.com/evoting or through CREST will not prevent a member from attending and voting in person.
3. Any member attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for

PART III

Notice of General Meeting continued

the Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

4. Pursuant to section 360B of the 2006 Act and Regulation 41 of the CREST Regulations, only shareholders registered in the register of members of the Company as at 6.00 p.m. on 7 September 2022 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 6.00 p.m. on the date that is two days prior to the adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
5. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual.

CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **"CREST Proxy Instruction"**) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (www.euroclear.com/CREST). The message must be transmitted so as to be received by the issuer's agent (ID 3RA50), by 11.00 a.m. on 7 September 2022.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations. Please refer to the CREST Manual at www.euroclear.com/CREST.

7. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.
8. As at the Latest Practicable Date, the Company's issued share capital consists of 438,777,780 Ordinary Shares (of which 31,382,020 Ordinary Shares are held by the Company as treasury shares), carrying one vote each. Therefore, the total voting rights in the Company as at the Latest Practicable Date are 407,395,760.
9. The information required to be published by s.311(A) of the 2006 Act (information about the contents of this notice and numbers of shares in the Company and voting rights exercisable at the Meeting and details of any members' statements, members' resolutions and members' items of business received after the date of this notice) may be found at www.cls Holdings.com.
10. A Nominated Person may under an agreement between him/her and the member who nominated him/her, have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and speak and vote at the Meeting. Nominated Persons are advised to contact the member who nominated them for further information on this and the procedure for appointing any such proxy.
11. If a Nominated Person does not have a right to be appointed, or to have someone else appointed, as a proxy for the Meeting, or does not wish to exercise such a right, he/she may still have the right under an agreement between himself/herself and the member who nominated him/her to give instructions to the member as to the exercise of voting rights at the Meeting. Such Nominated Persons are advised to contact the members who nominated them for further information on this.

