

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in 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.

Please see the Chairman's letter and the notes on the meeting at the end of this Notice concerning the venue and format of the meeting.

If you have sold or otherwise transferred all your Ordinary Shares in the Company, please send this document and the 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.

CLS Holdings plc

Notice of Annual General Meeting

Notice of the Annual General Meeting of the Company convened for 10.00 a.m. on Thursday, 27 April 2023 is set out in Part II of this document.

A Form of Proxy for use at the Annual General Meeting is enclosed. To be valid, the Form of Proxy must be completed and returned so as to reach the registrars by hand or by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY (the "Registrars") by no later than 10.00 a.m. on Tuesday, 25 April 2023. As an alternative to completing the hard copy form, shareholders can appoint proxies electronically via www.clsholdings.com/evoting so that it is received by the Registrar by no later than 10.00 a.m. on Tuesday, 25 April 2023. 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 Registrar (under CREST participant 3RA50) by no later than 10.00 a.m. on Tuesday, 25 April 2023. The time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Letter from the Chairman of CLS Holdings plc

*CLS Holdings plc (the "Company")
(Incorporated and registered in England with registered number 2714781)*

16 Tinworth Street
London
SE11 5AL

Directors

Lennart Sten (Non-Executive Chairman)
Anna Seeley (Non-Executive Vice Chair)
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)

23 March 2023

Dear Shareholder,

Introduction

The purpose of this circular is to give you details of the Company's Annual General Meeting ("AGM") which is to be held on Thursday, 27 April 2023 at 10.00 a.m. and the resolutions to be proposed at it. I am pleased to confirm the publication of our Company's Annual Report and Accounts for the year ended 31 December 2022 (the "Annual Report"), which can be found on the Company's website at www.clsholdings.com, or have been enclosed if you have requested a copy.

As we reported when we announced our annual results on 8 March 2023, it is your Directors' intention to propose a distribution by way of a final dividend for the year ended 31 December 2022 of 5.35 pence per share. This is subject to the passing of Resolution 4.

In accordance with the Articles, the AGM will be a physical meeting. As in previous years, voting on the resolutions to be proposed at the AGM will be conducted on a poll, rather than a show of hands. Therefore, shareholders are encouraged to vote via proxy, where possible, online at www.clsholdings.com/evoting, appointing the Chairman of the meeting as their proxy to ensure their vote is counted.

As we appreciate some shareholders may prefer not to attend, or may be unable to attend, in person, questions to the Board may be submitted in advance of the AGM by emailing questions to cosec@clsholdings.com, or in writing addressed for the attention of the Company Secretary at our Registered Office. The last day for submitting questions is 10.00 a.m. on Tuesday, 25 April 2023 and responses which are relevant to the business of the meeting will be uploaded to our website at www.clsholdings.com. We also encourage shareholders to view the recording of the presentation of our annual results, details of which are available on our website at www.clsholdings.com/investors.

The purpose of the Annual General Meeting is to seek shareholders' approval for the Resolutions set out below.

Electronic communications with shareholders

The Companies Act 2006 (the “Act”) enables us, if shareholders agree to it, to supply shareholder documents by email or by use of website access instead of posting documents to them. If you would like to receive shareholder communications in this way, please go to www.investorcentre.co.uk to sign-up. If you would like to receive documents by post, you may request this service by writing to our Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or by contacting them online at www.investorcentre.co.uk/contactus.

Annual General Meeting – explanatory notes

The AGM is to be held in the Seminar Room at Spring Mews – Fresh Student Living, 10 Tinworth Street, Lambeth, London, SE11 5AL, on Thursday, 27 April 2023 at 10.00 a.m. You will find on pages 8 to 12 of this document, the Notice convening the AGM. A form of proxy for use in connection with the AGM is enclosed with this document.

Resolutions 1 to 17 are ordinary resolutions. For these to be passed, more than half of the votes cast must be in favour of the relevant resolution. Resolutions 18 to 20 are special resolutions. For each of these to be passed, at least three quarters of the votes cast must be in favour of the resolution. I set out below further information on certain of the resolutions proposed.

Ordinary resolutions

Resolution 3 (Approval of Directors’ Remuneration Policy)

Resolution 3 seeks approval of the Company’s future policy on Directors’ remuneration. The remuneration report for quoted companies must comprise (i) an annual remuneration report which discloses how the remuneration policy was implemented in the last financial year and (ii) a forward-looking remuneration policy which sets out the Company’s future policy on Directors’ remuneration. In addition to the annual advisory vote on the annual remuneration report, quoted companies are required to put their Directors’ remuneration policy to a separate binding shareholders’ vote at least every three years. Once the remuneration policy comes into effect, all remuneration payments and payments for loss of office must be consistent with the Company’s approved remuneration policy, unless a revised remuneration policy, or an amendment to the policy, is first approved by shareholders.

The new Remuneration Policy is set out in full on pages 152 – 167 of the Directors’ remuneration report and a summary of the key changes, the principal terms of the Annual Bonus Plan and proposed changes to the Long Term Incentive Plan, are set out in Part III, Appendix 1, Appendix 2 and Appendix 3 to this Circular.

Resolution 4 (Declaration of final dividend)

Pursuant to the Board’s recommendation, the authority sought from shareholders under this resolution is to declare a final dividend of 5.35 pence per ordinary share for the financial year ended 31 December 2022, of which 1.36 pence per ordinary share is to be paid as a Property Income Distribution and 3.99 pence per ordinary share as a Non-Property Income Distribution. If approved, the final dividend will be paid on 2 May 2023 to those shareholders on the Company’s statutory register of members as at the close of business on 24 March 2023.

Resolutions 5 to 12 (Re-election of Directors)

The Board notes that the UK Corporate Governance Code (the “Code”), which applies to the Company, requires that all Directors be subject to annual re-election by shareholders. Accordingly, resolutions 5 to 12 propose the re-election of each of the Directors, other than Christopher Jarvis who will retire from the Board at the conclusion of the AGM.

I can confirm to shareholders that, following a formal performance evaluation, the performance of each of the Directors continues to be effective and demonstrates commitment to their roles.

Biographies of all the Directors proposed to be re-elected, which contain specific details of their skills and experience that highlight why their contribution is, and continues to be, important to the Company’s long-term sustainable success, are set out on page 7 of this Notice. Further details on Board composition can be found on pages 120 and 121 of the Annual Report.

Dual Voting System

The Company is required to comply with the provisions of the UK Listing Rules of the Financial Conduct Authority (the “Listing Rules”) relating to controlling shareholders and the election or re-election of independent directors. Listing Rule 9.2.2E requires that the election or re-election of an independent director by the shareholders be approved by an ordinary resolution of the shareholders as a whole and separately approved by the non-controlling shareholders. For the purposes of the Listing Rules, certain companies directly held and beneficially owned by the Sten and Karin Mortstedt Family & Charity Trust (through Creative Value Investment Group Limited) control more than 30% of the voting rights of the Company.

Letter from the Chairman of CLS Holdings plc continued

*CLS Holdings plc (the "Company")
(Incorporated and registered in England with registered number 2714781)*

This means that any resolutions for the election or re-election of any independent directors must be approved by a majority vote of both:

- i) the shareholders of the Company; and
- ii) the independent shareholders of the Company (that is, the shareholders of the Company entitled to vote on the election of directors who are not controlling shareholders of the Company).

Therefore, resolutions 5, 9, 10 and 11 are being proposed as ordinary resolutions which all shareholders can vote on, but in addition the Company will separately count the number of votes cast by independent shareholders in favour of the resolutions (as a proportion of the total votes cast by independent shareholders cast on the resolutions) to determine whether the second threshold referred to in ii) above has been met. The Company will announce the results of those resolutions on this basis as well as announcing the results of the ordinary resolutions of all shareholders.

If a resolution to re-elect an independent director is not approved by a majority vote of both the shareholders as a whole and the independent shareholders, the Company may propose a further resolution to re-elect that director at a meeting to be held between 90 and 120 days from the date of the original vote. Therefore, if any of resolutions 5, 9, 10 and 11 are not approved by a majority of the independent shareholders at the AGM, the relevant director will be treated as having been re-elected only from the period of the date of the AGM to the earlier of:

- i) the close of any general meeting of the Company, convened for a date more than 90 days after the AGM, but within 120 days of the AGM, to propose a further resolution to re-elect the relevant director;
- ii) the date which is 120 days after the AGM; and
- iii) the date of any announcement by the Board that it does not intend to hold a second vote.

In the event that the director's re-election is approved by a majority vote of all shareholders at a second meeting, the director will then be re-elected until the next AGM.

The Company is also required to provide certain information in relation to the proposed re-election of independent directors, being Lennart Sten, Elizabeth Edwards, Denise Jagger and Bill Holland. This includes details of any existing or previous relationship, transaction or arrangement the independent director has with the Company, its directors, any controlling shareholder or an associate of a controlling shareholder, together with a description of why the Company considers the independent directors will be effective, how it has determined their independence and the process followed for their selection. The Company:

- i) is satisfied, having received confirmation from each of the independent directors who are seeking re-election, that those independent directors do not, and have not previously had, any relationship, transaction or arrangement with the Company, its directors, any controlling shareholder or any associate of a controlling shareholder other than by virtue of their term of office;
- ii) believes that these appointments have strengthened its knowledge base, broadened its experience and they each continue to add value to Board discussions. Each independent director's biography is set out on page 7 of this Notice, which outlines their relevant experience;
- iii) following a rigorous review of the relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement, determined that each of the proposed directors are independent for the purpose of the Code; and
- iv) prior to the appointment of each of the independent directors, reviewed a list of suitable candidates identified through external contacts, which was followed up by an interview process that included meetings with the senior independent director and other independent directors.

Resolution 15 (Renewal of the Board's authority to allot shares)

It is proposed to authorise the Board to allot shares or grant such subscription rights as are contemplated by sections 551(1) (a) and (b) respectively of the Act up to a maximum aggregate nominal value of £3,310,090 representing approximately one-third of the issued share capital of the Company excluding treasury shares (as set out in the paragraph entitled "Further information" below). This is the maximum permitted amount under best practice corporate governance guidelines. This will replace the equivalent resolution passed at the last annual general meeting and will expire at the conclusion of the next annual general meeting or at 6.00 p.m. on 27 July 2024, whichever is the earlier. Your Directors have no present intention of exercising this authority but the Board wishes to ensure that the Company has maximum flexibility in managing the financial resources of the Company.

Resolution 16 (Approval of the CLS Holdings plc 2023 Annual Bonus Plan)

This Resolution seeks approval of the CLS Holdings plc 2023 Annual Bonus Plan (the “Plan”). The Remuneration Committee’s rationale for the design of the Plan and its principal terms are set out in Part III, Appendix 2 to this Circular.

Resolution 17 (Approval of amendment to the CLS Holdings plc Long Term Incentive Plan)

This Resolution seeks approval for an amendment to the rules of the CLS Holdings plc Long Term Incentive Plan. The Remuneration Committee’s rationale for the proposed amendment is set out in Part III, Appendix 3 to this Circular.

Special resolutions**Resolution 18 (Disapplication of pre-emption rights)**

The Board notes that the Pre-Emption Group published a revised Statement of Principles in November 2022, which included increased thresholds. At this time, the Board considers it appropriate to continue to only seek a general disapplication of pre-emption rights up to five per cent. of the Company’s issued share capital, in line with the previous guidance. It is proposed to empower the Board to allot equity securities for cash without first offering them to existing shareholders in proportion to their holdings, subject to certain limits which comply with best practice corporate governance guidelines. This resolution will enable the Board, in appropriate circumstances, to allot for cash (other than in connection with a rights issue or open offer) equity securities with an aggregate nominal value of up to £496,513, being up to 19,860,520 ordinary shares of 2.5 pence each in the Company (“Ordinary Shares”) and representing approximately five per cent of the issued equity share capital of the Company (excluding treasury shares) as at 23 March 2023 (being the latest practicable date prior to the publication of this document). The allotment of equity securities as referred to in this resolution includes the sale of any shares which the Company holds in treasury. The resolution also disapplies the statutory pre-emption provisions in connection with a rights issue or open offer and allows the Directors to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems. This will replace the equivalent resolution passed at the last annual general meeting and will expire at the conclusion of the next annual general meeting or at 6.00 p.m. on 27 July 2024, whichever is the earlier. It is intended that in any three year period no more than seven and a half per cent of the issued share capital (excluding treasury shares) will be issued on a non-preemptive basis without prior consultation with shareholders.

This resolution is proposed so as to give your Board flexibility to take advantage of business opportunities as they arise.

Resolution 19 (Renewal of general authority to make market purchases of Ordinary Shares)

It is proposed to renew the authority to make market purchases of Ordinary Shares, such authority being limited to the purchase of 10 per cent of the Ordinary Shares in issue as at 23 March 2023 (being the latest practicable date prior to the publication of this document). Shares purchased further to this authority will be cancelled, unless the Company decides otherwise, in which case they may be held as treasury shares, subject to any applicable limits. No dividends are paid on shares while held in treasury and no voting rights attach to treasury shares.

The minimum price which may be paid for any Ordinary Shares pursuant to this authority will be 2.5 pence (being an amount equal to the nominal value of an Ordinary Share). The maximum price which may be paid for any Ordinary Share is the higher of an amount equal to 5 per cent above the average of the closing middle-market quotations for the Ordinary Shares as derived from SEDOL for the five dealing days immediately preceding the day on which the purchase is made, and an amount equal to a price no higher than the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Trading System SETS, in each case exclusive of expenses.

The maximum per cent aggregate number of Ordinary Shares hereby authorised to be purchased is 39,721,086 Ordinary Shares (representing 10 per cent of the Ordinary Shares in issue as at 23 March 2023 (being the latest practicable date prior to the publication of this document)). This authority will expire at the conclusion of the Company’s next annual general meeting, or, if earlier, at 6.00 p.m. on 27 July 2024, being 15 months from the date of the passing of this resolution.

The authority to purchase the Company’s own shares will only be exercised if the Directors consider that there is likely to be a beneficial impact on earnings per Ordinary Share and that it is in the best interests of the Company at the time. The Directors have no present intention of exercising this authority.

During the year to 31 December 2022 the Company made market purchases of its own shares pursuant to a Tender Offer that completed on 16 September 2022 of 10,184,894 shares, which was in addition to its general authority to make market purchases and approved at a General Meeting of the Company on 9 September 2022.

Letter from the Chairman of CLS Holdings plc continued

*CLS Holdings plc (the "Company")
(Incorporated and registered in England with registered number 2714781)*

Resolution 20 (Ability to hold general meetings on 14 clear days' notice)

It is proposed to seek authority from shareholders to hold general meetings (other than Annual General Meetings) on 14 clear days' notice. This is permissible under the Articles of Association of the Company and the Act. Under the Act, specific shareholder approval is required annually in order to retain this option. The Directors believe that there may be circumstances in which it will be important for the Company to be able to call meetings at such short notice. Accordingly, the Directors believe that it is important for the Company to retain this flexibility.

The Company will only use the shorter notice period where it is merited by the purpose of the meeting, the proposals are time sensitive and it would clearly be to the advantage of shareholders as a whole.

Voting

You will find enclosed with this document a Form of Proxy for use in respect of the AGM. Shareholders are encouraged to complete and sign the Form of Proxy and return it, in accordance with the instructions printed on it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY (the "Registrar") as soon as possible and, in any event, to arrive by no later than 10.00 a.m. on Tuesday, 25 April 2023.

As an alternative to completing the Form of Proxy, you can appoint proxies electronically via www.clsholdings.com/evoting to be received by the Registrar by no later than 10.00 a.m. on Tuesday, 25 April 2023. 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 issuer's agent (under ID 3RA50) by no later than 10.00 a.m. on Tuesday, 25 April 2023. The time of receipt will be taken to be the time from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Further information

At 23 March 2023 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company was 438,777,780 Ordinary Shares, of which 41,566,914 Ordinary Shares are held by the Company as treasury shares. As at 23 March 2023, the total number of voting rights in the Company was, therefore, 397,210,866.

At 23 March 2023, 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 208,505 shares and options outstanding under the LTIP in respect of 3,999,683 shares. Together, these represented 0.96 per cent of the Company's issued share capital on that date. If the authority to purchase shares set out in resolution 19 was exercised in full, the share awards would represent 1.05 per cent of the Company's issued share capital as at 23 March 2023.

The Company notes that at the 2022 AGM there were 20.57% votes against Resolution 11, the re-election of Christopher Jarvis as a Director of the Company. The Board has considered the views of shareholders and also the UK Corporate Governance Code. With this in mind, after serving for more than 14 years, Christopher Jarvis will not be standing for re-election at the 2023 AGM and will be stepping down from his position as a Director of the Company at the conclusion of the 2023 AGM. We would like to thank Christopher for his many years of service and wish him all the best in his future endeavours.

Recommendation

Your Directors consider that the proposals in this document are in the best interests of shareholders as a whole and unanimously recommend that shareholders vote in favour of the Resolutions proposed in the Notice as they intend to do in respect of their interest in, and/or own shareholdings of, 27,244,052 Ordinary Shares, representing approximately 6.87 per cent of the Company's issued share capital (excluding treasury shares).

Yours faithfully

Lennart Sten

Non-Executive Chairman

Directors' biographies

As at 27 March 2023 (being the latest practicable date prior to the publication of this document)

Lennart Sten

Independent Non-Executive Chairman

Appointment as a Director 1 August 2014
Tenure 8 years 4 months

Former roles: CEO, GE Capital Real Estate Europe. President, GE Real Estate Nordic. CEO Faberge AB. General Counsel, GE Capital Equipment Finances AB. Partner, Baker & McKenzie, Stockholm

Qualifications: Degree in Law, Stockholm University

Experience: International property industry. Founder and CEO of Svenska Handelsfastigheter. Board member, Interogo Holding AG. Chairman, Klara Bo Sverige AB

Anna Seeley

Non-Executive Director and Vice Chair

Appointment as a Director 11 May 2015
Tenure 7 years 7 months

Former roles: European Property Surveyor, General Electric Corporation and BT Group. Group Property Director, CLS Holdings plc. Chartered Surveyor, Chestertons

Qualifications: Degree in Property Valuation and Finance, City University and Chartered Surveyor

Experience: 20+ years of property industry and business experience

Fredrik Widlund

Chief Executive Officer

Appointment as a Director 3 November 2014
Tenure 8 years 1 month

Former roles: Global Commercial Leader, GE Capital International. Regional CEO, GE's European Leasing businesses. Managing Director, GE Capital Real Estate. CFO, GE Capital Equipment Finance. Various positions with Royal Dutch Shell

Qualifications: Degree in Business Administration, Stockholm University

Experience: Business leadership, property and finance experience in global organisations. Trustee of Morden College, a social and housing charity

Andrew Kirkman

Chief Financial Officer

Appointment as a Director 1 July 2019
Tenure 3 years 5 months

Former roles: Finance Director, Harworth Group plc. Finance Director, Viridor. Chief Finance Officer, Balfour Beatty Capital. Global Head of Corporate Finance, Bovis Lend Lease

Qualifications: Masters in Politics, Philosophy and Economics, Oxford University. Fellow, Institute of Chartered Accountants

Experience: Extensive plc, property, finance and operational experience. Non-Executive Director, A2Dominion Housing Limited, a housing association

Elizabeth Edwards

Senior Independent Director

Appointment as a Director 13 May 2014
Tenure 8 years 7 months

Former roles: Managing Director, Landesbank Berlin London. Head of BerlinHyp London office. Senior positions with National Australia Bank, Westdeutsche Immobilien. Management Consultant, PWC

Qualifications: Fellow, Royal Institution of Chartered Surveyors. Honours Degree in Estate Management, South Bank University

Experience: Extensive commercial property investment and finance expertise in the UK and Europe (primarily Germany). Non-Executive Director, Schroders European REIT plc. Trustee, Refuge. Trustee, Central School of Ballet Warden, the St Olaves and St Saviours Schools Foundation. Past Master, Worshipful Company of Chartered Surveyors

Denise Jagger

Non-Executive Director

Appointment as a Director 1 August 2019
Tenure 3 years 4 months

Former roles: Solicitor, Slaughter and May, Director Asda Stores, Company Secretary and General Counsel Asda Group plc/Asda Wal Mart, Partner Eversheds Sutherland LLP, Chair St Giles Trust, Independent NED and SID Bellway plc

Qualifications: Law degree, Warwick University, Certificate in EU Studies Université de Nice, Hon Doctorate of Law, Leeds Beckett University

Experience: Legal advisory (corporate finance, M&A, regulatory, compliance and governance). Retail and property sector specialism. NED and Remuneration and Nominations Committee Chair, Pool Reinsurance; Chair and Pro Chancellor University of York; Trustee National Trust

Bengt Mortstedt

Non-Executive Director

Appointment as a Director 7 March 2017
Tenure 5 years 9 months

Former roles: Director, CLS Holdings plc (1992–2010). Former Junior District Court Judge in Sweden

Qualifications: Degree in Law, Stockholm University

Experience: European property market and Group business. Developed and runs hotels in St Vincent & Grenadines, West Indies

Bill Holland

Non-Executive Director

Appointment as a Director 20 November 2019
Tenure 3 years 1 month

Former roles: Senior Partner, KPMG real estate audit practice

Qualifications: Fellow, Institute of Chartered Accountants. Degree in Economics from Durham University

Experience: Real estate, finance and audit experience. Non-Executive Director, Urban&Civic and Ground Rents Income Fund plc. Governor, Winchester College

Notice of Annual General Meeting

CLS Holdings plc (the "Company")
(Incorporated and registered in England with registered number 2714781)

Notice is hereby given that the Annual General Meeting of CLS Holdings plc (the "Company") will be a physical meeting held at the Seminar Room at Spring Mews – Fresh Student Living, 10 Tinworth Street, Lambeth, London, SE11 5AL, on 27 April 2023 at 10.00 a.m. for the following purposes:

Ordinary resolutions:

1. That the Company's Annual Report & Accounts for the year ended 31 December 2022 together with the Directors' Report and the Independent Auditor's Report on those Accounts and on the auditable part of the Directors' Remuneration Report, be and are hereby received and adopted.
2. That the Directors' Annual Remuneration Report (excluding the Directors' Remuneration Policy), as set out on pages 142 to 151 of the Annual Report & Accounts (as referred to in Resolution 1 above), be and is hereby approved.
3. That the Directors' Remuneration Policy, as set out on pages 152 to 167 of the Directors' Remuneration Report (as referred to in Resolution 2 above), which will take effect from 27 April 2023 being the date of the Company's 2023 AGM, be and is hereby approved.
4. That a final dividend for the financial year ended 31 December 2022 of 5.35 pence per ordinary share of 2.5 pence each payable on 2 May 2023 to those shareholders on the register of members at the close of business on 24 March 2023 be declared.
5. That Lennart Sten be re-elected as a Director.
6. That Anna Seeley be re-elected as a Director.
7. That Fredrik Widlund be re-elected as a Director.
8. That Andrew Kirkman be re-elected as a Director.
9. That Elizabeth Edwards be re-elected as a Director.
10. That Bill Holland be re-elected as a Director.
11. That Denise Jagger be re-elected as a Director.
12. That Bengt Mortstedt be re-elected as a Director.
13. That Ernst & Young LLP be re-appointed as auditors to hold office until the conclusion of the next annual general meeting.
14. That the Directors be authorised to determine the remuneration of the auditors.
15. That for the purposes of section 551 Companies Act 2006 (and so that expressions used in this resolution shall bear the same meanings as in the said section 551):
 - a. the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Companies Act 2006 respectively up to a maximum nominal amount of £3,310,090 to such persons and at such times and on such terms as they think proper during the period expiring at the conclusion of the next annual general meeting or at 6.00 p.m. on 27 July 2024, whichever is the earlier (unless previously renewed, revoked or varied by the Company in general meeting); and
 - b. the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said period and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution,

so that all previous authorities of the Directors pursuant to the said section 551 be and are hereby revoked.
16. That:
 - a. the CLS Holdings plc 2023 Annual Bonus Plan (the "Plan"), the principal terms of which are summarised in Appendix 2 of Part III of the circular to shareholders dated 23 March 2023 of which this notice of Annual General Meeting forms Part II (the "Circular") and the rules of which are produced at the Meeting and for the purposes of identification initialled by the Chairman, be and is hereby approved and that the Directors be authorised to do all acts and things which they may consider necessary or desirable to carry the Plan into effect; and
 - b. the Directors be and are hereby authorised to establish such further plans based on the Plan or schedules to the Plan as they consider necessary or desirable but which have been modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans or schedules are treated as counting against any limits on individual or overall participation in the Plan.

17. That the amendments to the rules of the CLS Holdings plc Long Term Incentive Plan (the “LTIP”) summarised in Appendix 3 of Part III of the circular to shareholders dated 23 March 2023 of which this notice of Annual General Meeting forms Part II (the “Circular”) and the amended rules of which are produced at the Meeting and for the purposes of identification initialled by the Chairman be and are hereby approved and the Directors be and are hereby authorised to do all acts and things which they may consider necessary or desirable to carry the amendments to the LTIP into effect.

Special resolutions:

18. That subject to the passing of resolution 15 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with sections 570 and 573 Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561(1) and sub-sections (1) – (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

- a. the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and
- b. the allotment (otherwise than pursuant to paragraph 18.a. above) of equity securities up to an aggregate nominal value not exceeding £496,513;

and this power, unless renewed, shall expire at the conclusion of the next annual general meeting or at 6.00 p.m. on 27 July 2024, whichever is the earlier, but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

19. That the Company be and is hereby generally and unconditionally authorised for the purpose of 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 of 2.5 pence each in the capital of the Company (“Ordinary Shares”) on such terms and in such manner as the Directors may determine provided that:
- a. the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 39,721,086 (representing approximately 10 per cent of the Company’s issued share capital excluding treasury shares);
 - b. the minimum price which shall be paid for any Ordinary Share pursuant to this authority shall be 2.5 pence, being the nominal value of an Ordinary Share;
 - c. the maximum price which may be paid for any Ordinary Share is the higher of an amount equal to 5 per cent above the average of the closing middle-market quotations for the Ordinary Shares as derived from SEDOL for the five dealing days immediately preceding the day on which the purchase is made, and an amount equal to a price no higher than the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Trading System SETS, 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 at the conclusion of the next annual general meeting of the Company following the passing of this resolution (or, if earlier, at 6.00 p.m. on 27 July 2024, being 15 months from the date of the passing of this resolution); and
 - 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 completed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares pursuant to any such contract or contracts as if such authority had not expired.
20. That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days’ notice.

BY ORDER OF THE BOARD

David Fuller
Company Secretary
23 March 2023

Notice of Annual General Meeting continued

*CLS Holdings plc (the "Company")
(Incorporated and registered in England with registered number 2714781)*

Notes:

1. All the resolutions put to the AGM will be voted on by a poll and not a 'show of hands' as this delivers a fairer representation of shareholder views and has become best practice at large company annual general meetings. The results of the poll will be announced to the market by the end of the day and published on the Company's website.
 2. A member entitled to attend and vote at the AGM 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 their 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 "Act") to enjoy information rights (a "Nominated Person").
 3. To appoint a proxy you may:
 - a. use the Form of Proxy enclosed with this Notice of 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 or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ in each case no later than 10.00 a.m. on Tuesday, 25 April 2023; 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 Company's Registrars by no later than 10.00 a.m. on Tuesday, 25 April 2023. Any electronic communication sent by a member to the Company's 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 7 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.
4. Any member attending the AGM 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 AGM but no such answer need be given if (a) to do so would interfere unduly with the preparation for the AGM 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 AGM that the question be answered. To facilitate shareholder engagement, questions to the Board may be submitted in advance of the AGM by emailing questions to cosec@clsholdings.com, or in writing addressed for the attention of the Company Secretary at our Registered Office. The last day for submitting questions is 10.00 a.m. on Tuesday, 25 April 2023 and responses which are relevant to the business of the meeting will be uploaded to our website at www.clsholdings.com. We also encourage shareholders to view the recording of the presentation of our annual results, details of which is available on our website at www.clsholdings.com/investors.

5. Pursuant to section 360B of the Act, and Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only shareholders registered in the register of members of the Company as at 5.00 p.m. on Tuesday, 25 April 2023 shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at such time. If the AGM 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 AGM is 5.00 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 AGM.
6. 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.
7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM 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 UK & International's specifications and must contain the information required for such instructions, as described in the CREST Manual (www.euroclear.com). The message must be transmitted so as to be received by the issuer's agent (ID 3RA50), by 10.00 a.m. on Tuesday, 25 April 2023.

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 UK & International 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 Uncertificated Securities Regulations 2001 (as amended). Please refer to the CREST Manual at www.euroclear.com.

8. 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 Act 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.
9. The following documents are available for inspection at the registered office of the Company, CLS Holdings plc, 16 Tinworth Street, London SE11 5AL during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the conclusion of the AGM and will be available for inspection at the place of the AGM for at least 15 minutes prior to and during the Meeting:
 - a. copies of the terms and conditions of appointment of the Non-Executive Directors; and
 - b. a copy of the CLS Holdings plc 2023 Annual Bonus Plan rules (as referred to in Resolution 16)
 - c. a copy of the amended CLS Holdings plc Long Term Incentive Plan rules (as referred to in Resolution 17)
10. As at 23 March 2023 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 438,777,780 ordinary shares (of which 41,566,914 ordinary shares are held by the Company as treasury shares), carrying one vote each. Therefore, the total voting rights in the Company as at 23 March 2023 are 397,210,866.

Notice of Annual General Meeting continued

*CLS Holdings plc (the "Company")
(Incorporated and registered in England with registered number 2714781)*

11. The information required to be published by s.311(A) of the Act (information about the contents of this Notice and numbers of shares in the Company and voting rights exercisable at the AGM 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.clsholdings.com.
12. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.
13. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
14. A Nominated Person may under an agreement between him/her and the member who nominated him/her, has a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and speak and vote at the AGM. Nominated Persons are advised to contact the member who nominated them for further information on this and the procedure for appointing any such proxy.
15. 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 AGM. Such Nominated Persons are advised to contact the members who nominated them for further information on this.
16. Unacceptable behaviour will not be tolerated at the AGM and will be dealt with appropriately by the Chair of the meeting.

Annual General Meeting – Explanatory notes

2023 Remuneration Policy

CLS Holdings plc (the “Company”)

(Incorporated and registered in England with registered number 2714781)

Appendix 1 New Remuneration Policy:

Resolution 3 seeks approval of the Company’s future policy on Directors’ remuneration. The new Remuneration Policy is set out in full on pages 152 to 167 of the 2022 Directors’ Remuneration Report contained in the Company’s Annual Report & Accounts for the year ended 31 December 2022. In summary, the key changes to the Directors’ Remuneration Policy are as follows:

- **Removal of the 5% cap on salary increases:** The cap could become quite restrictive in the current inflationary environment. The proposal aligns with standard market practice. No other changes to salary or benefits are being proposed.
- **Move to a more market standard bonus plan:** CLS is unique in the real estate sector in operating a bonus banking style plan (PIP Element A). Initially, this was put in place to bridge the gap between the annual bonus and long-term incentive plan (LTIP) when there was no formal LTIP measured over a 3 year performance period in place. Given that CLS now operates a standard LTIP, a move to a more simple, market aligned bonus construct is more appropriate. The maximum opportunity under the annual bonus will remain unchanged at 150% of salary. Payment will be in cash up to 100% of salary and any balance over 100% of salary will be deferred into shares and vest after 3 years, subject to continued employment. This is aligned to the deferral mechanism commonly used in the real estate sector and maintains the efficacy of the malus and clawback policy.
- **Increased Policy maximum for LTIP:** The proposal is to increase the Policy maximum from 150% of salary to 200% of salary to provide the Remuneration Committee with the flexibility to award at a higher level to support recruitment, retention and incentivisation of the executive team in delivering the business strategy over the coming years. Total maximum remuneration remains at the lower end of the market despite the increase in LTIP opportunity. The increased remuneration levels will only be earned for strong performance under the LTIP measures. The 2023 LTIP awards will remain at the current level.
- **Simplify Policy wording for pension:** The wording in the Policy table regarding alignment to the wider workforce for incumbents and new hires is being updated, so they are treated the same. No other changes are being proposed, with pension contribution level at 10% of salary in line with Policy and the maximum wider workforce contribution rate.
- **Clarifying enforcement mechanisms for shareholding requirements:** Noting under the Policy that the Company has established nominee accounts to ensure that it can enforce shareholding requirements. The level of shareholding requirement is unchanged at 250% and 200% of salary for the CEO and CFO; these remain at or above the market median.
- **Malus and clawback provisions continue to apply:** All incentives have malus and clawback provisions attached and the Remuneration Committee will have the overriding discretion to adjust outcomes to ensure they are reflective of wider company performance.

The Remuneration Committee believes that these changes strengthen the alignment of executive remuneration with delivery of the business strategy and shareholder value and are in the best interests of all stakeholders.

If the proposed Directors’ Remuneration Policy is approved, it will remain valid for a period of three years. Shareholder approval must be renewed at least every three years, so a Remuneration Policy will be put to shareholders again no later than the AGM in 2026.

Annual General Meeting – Explanatory notes

Proposed Annual Bonus Plan

*CLS Holdings plc (the “Company”)
(Incorporated and registered in England with registered number 2714781)*

Appendix 2 – CLS Holdings plc 2023 Annual Bonus Plan:

This Appendix 2 sets out the principal terms of the CLS Holdings plc 2023 Annual Bonus Plan (the “ABP”) which is being put to shareholders at the AGM for approval by Resolution 16. References in this Appendix to the Board are to the Board of directors of the Company or any duly authorised committee, normally the Remuneration Committee.

Status

The ABP is a discretionary executive bonus plan which incorporates the Company’s executive bonus scheme as well as a mechanism for the deferral of bonus into awards (“ABP Awards”) over ordinary shares of the Company (“Shares”). It is proposed that the ABP will operate for the first time for the Company’s financial year ending 31 December 2023 and that the executive directors of the Company will participate in the ABP.

Eligibility

All employees (including executive Directors) of the Company and its subsidiaries (together, the “Group”) are eligible for selection to participate in the ABP at the discretion of the Board.

Bonus opportunity

Participants selected to participate in the ABP for a financial year of the Company may be eligible to receive a discretionary annual bonus subject to satisfying performance conditions and targets set for that financial year. The maximum bonus (including any part of the bonus deferred into an ABP Award) deliverable under the ABP for participants will be up to a maximum of 150 per cent of annual base salary. The Board will determine the bonus to be awarded following the end of the relevant financial year. The Board retains discretion to adjust the level of bonus awarded upwards or downwards if in its opinion the level of bonus resulting from the application of applicable performance conditions is not a fair and accurate reflection of business performance, a participant’s personal performance or such other factors as the Board considers appropriate.

Except in certain circumstances, an ABP participant who ceases to be employed by or hold office with the Group before the bonus determination is made will cease to be eligible to receive a bonus. However, in the event of a participant’s death or if a participant ceases to be employed or hold office with the Group by reason of their ill-health, injury, disability, redundancy, retirement with the agreement of their employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person which is not a Group company, or in other circumstances determined at the discretion of the Board (a “Good Leaver Reason”), they will remain eligible for a bonus. The performance conditions and targets will be considered and the bonus will be deliverable in the same way and at the same time as if the individual had not ceased to be employed or hold office with the Group, unless the Board otherwise decides, although the value of the bonus will be pro-rated (unless the Board otherwise determines) to reflect the reduced period of time between the start of the financial year and the participant’s cessation of employment as a proportion of that financial year.

In addition, in the event that a corporate event occurs as described below, a participant may be eligible to receive a bonus as soon as practicable after the relevant event, the amount of which shall be determined by the Board taking into account the relevant performance conditions and targets. The value of the bonus will be pro-rated to reflect the reduced period of time between the start of the financial year and the relevant corporate event as a proportion of the relevant financial year unless the Board otherwise decides.

Malus and clawback provisions apply to a bonus awarded under the ABP as described below.

Grant of deferred awards over Shares

The Board may determine that a proportion of a participant’s annual bonus is deferred into an ABP Award. ABP Awards may take the form of (i) nil-cost options over Shares (“ABP Options”), (ii) conditional awards (i.e. conditional rights to acquire Shares) (“ABP Conditional Awards”) and/or (iii) Shares which are subject to restrictions and the risk of forfeiture (“ABP Restricted Shares”). No payment is required for the grant of an ABP Award (unless the Board determines otherwise).

ABP Awards may be granted during the 42 days beginning on: (i) the date of shareholder approval of the ABP; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of ABP Awards at that time; or (iv) the day after the lifting of any dealing restrictions which prevented the grant of ABP Awards under (i), (ii) or (iii) above.

ABP Awards may not be granted when prevented by any dealing restrictions or after the 10th anniversary of shareholder approval of the ABP.

Vesting of ABP Awards

ABP Awards will normally vest on the third anniversary of the date of grant (or such other date or dates as the Board may determine on grant). ABP Options which have vested will normally remain exercisable following vesting for the period set by the Board not exceeding 10 years from grant.

Malus

The Board may decide at the time of payment of a cash bonus or at any time before to reduce the amount of the bonus (including to nil) and/or (b) at the vesting of an ABP Award or at any time before that the number of Shares subject to a participant's ABP Award shall be cancelled, reduced (including to nil) and/or that additional conditions shall be imposed on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the historical audited accounts of the Group or any Group company;
2. the assessment of any performance target or condition in respect of a bonus and/or an ABP Award was based on error, or inaccurate or misleading information;
3. the discovery that any information used to determine the amount of the bonus or the number of Shares subject to an ABP Award was based on error, or inaccurate or misleading information;
4. action or conduct of a participant which amounts to fraud or gross misconduct;
5. events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them;
6. a material failure of risk management of the Company, a Group company or a business unit of the Group; or
7. the Company or any Group company or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the participant should be held responsible (in whole or in part) for that insolvency or corporate failure.

Clawback

The Board may apply clawback to all or part of a participant's cash bonus in substantially the same circumstances as apply to malus (as described above) during the period of three years following the payment of the cash bonus to which the ABP Award relates. Clawback may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards.

Cessation of employment – ABP Awards

Except in certain circumstances, set out below, an ABP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases for a Good Leaver Reason, their ABP Award will ordinarily vest in full (unless the Remuneration Committee otherwise determines) on the date when it would have vested if they had not so ceased to be a Group employee or director, subject to any condition imposed on the ABP Award and the operation of malus.

Annual General Meeting – Explanatory notes

Proposed Annual Bonus Plan continued

CLS Holdings plc (the "Company")
(Incorporated and registered in England with registered number 2714781)

If a participant ceases to be a Group employee or director for a Good Leaver Reason, the Board can alternatively decide that their ABP Award will vest early when they leave. If a participant dies, their ABP Award will vest in full on the date of their death, unless the Board determines otherwise.

To the extent that ABP Options vest for a Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Remuneration Committee determines). To the extent that ABP Options vest following the death of a participant, they may normally be exercised for a period of 12 months following death (or such longer period as the Board determines).

Corporate events

In the event of a takeover, compulsory acquisition of Shares, scheme of arrangement, or winding-up of the Company, ABP Awards will vest in full unless the Board decides to pro rate the level of vesting to reflect the reduced period of time between grant of the ABP Award and the relevant corporate event as a proportion of the normal vesting period. The Board will determine whether or not to pro-rate based on the circumstances of the relevant event.

ABP Options which vest in the event of a takeover, scheme of arrangement, or winding-up of the Company may be exercised for a period of six months measured from the relevant event (or in the case of takeover, such longer period as the Board determines) and will otherwise lapse at the end of that period. ABP Options which vest in the event of a compulsory acquisition of Shares may be exercised during the period beginning with the date on which a notice is served under section 979 of the Companies Act 2006 and ending seven clear days before entitlement to serve such notice ceases.

In the event of a demerger, distribution or any other corporate event, the Board may determine that ABP Awards shall vest, to the extent determined by the Board. ABP Options that vest in these circumstances may be exercised during such period as the Board determines.

The Board may, in its discretion, allow ABP Awards to vest prior to and conditional upon the occurrence of any of the events set out above and an ABP Option will then lapse on the occurrence of the event if not exercised prior to the event.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that ABP Awards will not vest but that the unvested portion of the ABP Awards will be replaced by equivalent new awards over shares in the new acquiring company.

Dividend equivalents

The Board may decide in relation to any ABP Award (other than an award of ABP Restricted Shares) that participants will receive a payment (in additional Shares and/or cash) equal in value to any dividends that would have been paid on the Shares which vest under that ABP Award by reference to the period between the time when the relevant ABP Award was granted and the time when it vested. The method used to calculate the value of dividends may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to ABP Awards, including the number of Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

Rights attaching to Shares

Except in relation to the award of Shares subject to restrictions, Shares issued and/or transferred under the ABP will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Shares. Any Shares allotted when an option is exercised or an award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Shares subject to restrictions shall have the same rights as a holder of Shares in issue at the time that the participant acquires the Shares, save to the extent set out in the agreement with the participant relating to those Shares.

Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the ABP with a payment in cash or Shares equal to any gain that a participant would have made had the relevant award been satisfied with Shares.

Awards not transferable

Awards granted under the ABP are not transferable other than to a participant's personal representatives in the event of death.

Limits

The ABP may operate over newly issued Shares, treasury Shares or Shares purchased in the market. The rules of the ABP provide that, in any period of 10 calendar years, not more than 10 per cent of the Company's issued ordinary share capital may be issued under the ABP and under any other employees' share scheme operated by the Company. In addition, the rules of the ABP provide that, in any period of 10 calendar years, not more than 5 per cent of the Company's issued ordinary share capital may be issued under the ABP and under any other discretionary executive share scheme adopted by the Company. Shares issued out of treasury under the ABP will count towards these limits for so long as this is required under institutional shareholder guidelines. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

Amendments

The Board may, at any time, amend the provisions of the ABP in any respect except that the prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of participants in the ABP which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an award can be made under the ABP, the basis for determining the entitlement to and the terms of shares provided under ABP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the ABP, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

Overseas plans

The Board may, at any time, establish further plans based on the ABP for overseas territories. Any such plan shall be similar to the ABP, but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the ABP.

Benefits not pensionable

The benefits received under the ABP are not pensionable.

Note: This Appendix 2 summarises the main features of the ABP, but does not form part of the ABP, and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the ABP Rules. The draft rules of the ABP will be available for inspection on the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> from the date of sending this document. The draft rules of the ABP will also be available for inspection at the place of the AGM for at least 15 minutes before the AGM and during the Annual General Meeting.

Annual General Meeting – Explanatory notes

Amendments to the

CLS Holdings plc Long-Term Incentive Plan

CLS Holdings plc (the “Company”)
(Incorporated and registered in England with registered number 2714781)

Appendix 3 – Amendments to the CLS Holdings plc Long-Term Incentive Plan

The rules of the CLS Holdings plc Long Term Incentive Plan (the “LTIP”), which were approved by shareholders at the Company’s Annual General Meeting in 2020, provide that the maximum total market value of ordinary shares of the Company that may be awarded for any relevant financial year to a participant in the LTIP will not exceed 150% of the participant’s base salary.

As set out in Appendix 1 of Part III of this document, it is proposed under the Policy for Executive Directors of the Company to increase this individual annual limit to 200% of the director’s base salary and in order to implement this element of the Policy, an amendment is required to the rules of the LTIP.

Resolution 17 therefore seeks shareholder approval to amend the rules of the LTIP so that the maximum total value of ordinary shares of the Company that may be awarded for any relevant year to a participant in the LTIP will not exceed 200% of their base annual salary. No other amendments to the rules of the LTIP are proposed.

The amended rules of the LTIP will be available for inspection on the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> from the date of sending this document. The amended rules of the LTIP will also be available for inspection at the place of the AGM for at least 15 minutes before the AGM and during the AGM.