

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1: Name and Address of Company**

CLS Holdings USA, Inc. (“**CLS**” or the “**Company**”)  
115 - 11767 South Dixie Highway  
Miami, Florida  
33156

**Item 2: Date of Material Change**

December 28, 2023

**Item 3: News Release**

The news release announcing the material changes referred to in this report was disseminated through Accesswire on December 29, 2023 and was subsequently filed on SEDAR+.

**Item 4: Summary of Material Change**

On December 29, 2023, the Company announced that following receipt of the requisite approval of debenture holders and the Canadian Securities Exchange, it has amended the terms of its outstanding 8.0% unsecured convertible debentures due December 31, 2023 and December 31, 2024 (the “**Debentures**”) issued pursuant to an indenture dated as of December 12, 2018, as amended pursuant to a supplemental indenture dated as of March 31, 2021 and a supplemental indenture dated as of September 15, 2022 (as the same has otherwise been amended or may be amended, modified, restated, supplemented or replaced from time to time, collectively, the “**Indenture**”), by, among other things, decreasing the conversion price of the remaining Debentures (following the mandatory conversion) to \$0.07 per unit, and changing the maturity date of the Debentures so that the Debentures mature on January 31, 2028.

**Item 5: Full Description of Material Change**

**5.1 Full Description of Material Change**

On December 29, 2023, the Company announced that following receipt of the requisite approval of debenture holders and the Canadian Securities Exchange, it has amended the terms of the outstanding Debentures by, among other things: (i) decreasing the conversion price of the remaining Debentures (following the mandatory conversion) to \$0.07 per unit; (ii) changing the maturity date of the Debentures so that the Debentures mature on January 31, 2028; (iii) providing for interest accruing between July 1, 2022 and December 31, 2023 to be added to the principal balance of the Debentures; (iv) granting debentureholders a put right exercisable to December 29, 2023, granting each debentureholder the right to require the Company to redeem all or any part of such debentureholder’s outstanding Debenture in cash at a redemption price equal to US\$600 per US\$1000 principal amount of Debentures elected to be redeemed, provided that any accrued but unpaid interest through to and including the date of the debentureholder’s election shall not be paid and shall be cancelled; (v) granting debentureholders a put right in the event the Company’s cash available for debt service for any fiscal quarter exceeds US\$750,000, subject to pro ration, to require the Company to redeem all or any part of such debentureholder’s outstanding Debentures in cash at a redemption price equal to the aggregate principal amount of the Debentures being so redeemed; (vi) including a provision providing that the Company shall redeem, on the last day of each calendar month beginning March 31, 2025,

an aggregate amount of outstanding Debentures equal to US\$108,799.73 less the amount of interest paid on such date; and (vii) subject to the receipt of regulatory approvals, granting a security interest in certain of the Company's assets (such as licenses, inventory (including work in process), equipment (excluding equipment subject to purchase money financing) and contract rights (excluding investments in entities other than wholly owned subsidiaries)) to the holders of the Debentures and to other holders of the Company's debt, now or in the future, as the Company may elect.

In addition to the foregoing amendments to the Debentures, the Company also amended the terms of the common share purchase warrants (the "**Warrants**") issued and issuable upon conversion of the Debentures pursuant to the warrant indenture dated December 12, 2018, as amended pursuant to supplemental indentures dated March 31, 2021 and September 15, 2022, to amend the expiry date of the Warrants to December 28, 2026.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

### **Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

### **Item 7: Omitted Information**

Not applicable.

### **Item 8: Executive Officer**

Andrew Glashow  
Chief Executive Officer and Chairman  
Telephone: 888-438-9132

### **Item 9: Date of Report**

January 8, 2024

## **Cautionary Note Regarding Forward-Looking Information**

*This material change report contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 (collectively, the "forward-looking statements"). These statements relate to, without limitation, the Company's intention to grant a security interest in certain of the Company's assets to the holders of the Debentures and to other holders of the Company's debt. In some cases, forward looking statements may be identified by terminology such as "may," "might," "will," "should," "intends," "expects," "plans," "goals," "projects," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these terms or other comparable terminology. These forward-looking statements are only predictions, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause our actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. The Company cannot guarantee future results, levels of activity or performance. Readers should not place undue reliance on these forward-looking statements, which speak only as of the date that they were made. These cautionary statements should be considered together with any written or oral forward-looking statements that the Company may issue in the future. Except as required by applicable law, the Company does not intend to update any of the forward-looking statements to conform such statements to reflect actual results, later events or circumstances or to reflect the occurrence of*

*unanticipated events. See CLS Holdings USA filings with the U.S. Securities and Exchange Commission (SEC) and on its SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) for additional details.*