



GW PHARMACEUTICALS PLC
(the “Company”)

*(Incorporated and registered in England and Wales
under the Companies Acts 1985 and 2006 with registered number 04160917)*

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action to be taken, please seek your own financial advice from your stockbroker, solicitor, accountant or other appropriately authorised independent financial adviser.

If you have sold or transferred all of your holding of ordinary shares in GW Pharmaceuticals plc (the “Company”), you should hand this document and all accompanying documents to the purchaser or transferee of those shares, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

17 April 2020

Dear Shareholder

2020 Annual General Meeting of GW Pharmaceuticals plc (the “AGM” or the Meeting).

This letter, the notice of the AGM set out in this document (the “Notice”) and associated materials for the AGM are being sent to you because, as of March 31, 2020, you are registered as a holder of ordinary shares in the register of members of the Company. However, this letter, the Notice and associated materials will also be available to holders of American Depositary Shares (“ADS”) and contain information relevant to holders of ADSs.

I am pleased to confirm that our AGM will take place at **4:00 p.m. London time (11:00 a.m. New York City time) on Tuesday, May 26, 2020 at Kingsgate House, Newbury Road, Andover, SP10 4DU, England**. The Notice is set out in this document and it contains the resolutions to be proposed at the AGM (the “Resolutions”).

However, on March 23, 2020, the U.K. Government published compulsory measures (“the Stay at Home Measures”) to address the spread of COVID-19. The Stay at Home Measures became law in England on March 26, 2020. Among other things, the Stay at Home Measures prohibit public gatherings of more than two people. The Company and its shareholders are required to comply with these measures in the holding of the AGM. For the purposes of the AGM, a quorum is two persons being present and between them holding (or being the proxy or corporative representative of the holders of) at least one-third in number of the issued ordinary shares of the Company entitled to vote at the Meeting. As a result of the Stay at Home Measures, the Company will arrange for the presence of two persons at the AGM. **However, as things currently stand, ordinary shareholders are not allowed to attend the AGM in person and all shareholders should appoint a proxy to ensure that the AGM is quorate and to vote on the proposed resolutions. If the Stay at Home Measures are continuing at the time of the AGM, any ordinary shareholder seeking to attend the AGM in person will be refused entry.**

Given this situation, shareholders are encouraged to vote by proxy in accordance with the instructions provided in the AGM Notice and contained within this document. In order to be valid (and regardless of whether shareholders intend to complete and return a hard copy Form of Proxy or appoint a proxy electronically or appoint a proxy using CREST), the proxy appointment and instructions must be received by 4:00 p.m. London time (11:00 a.m. New York City time) on May 21, 2020 for holders of ordinary shares in the Company. Holders of American Depositary Shares should submit ADS proxy cards by 10:00 a.m. (New York City time) on May 20, 2020. **You are encouraged to appoint the Chairman of the AGM as your proxy. If you appoint any person other than the Chairman of the AGM as your proxy, that person may not be able to attend the AGM.**

At previous Annual General Meetings, once the formal business of the Meeting has been completed, management have taken the opportunity to provide a business update presentation to those shareholders who attend the meeting in person. This year, given the COVID-19 situation, such a presentation will not be provided and the Meeting shall focus entirely upon conducting the formal business of the Meeting. However, the Company values engagement with its shareholders and, accordingly, shareholders may submit questions related to the business of the AGM to the directors in advance of the Meeting. Questions should be submitted by 5:30 p.m. London time (12:30 a.m. New York City time) on Thursday, May 21, 2020 and addressed to Adam George, Company Secretary, by email at ageorge@gwpharm.com.

The health of the Company’s shareholders, as well as its officers, employees and customers, is of paramount importance. The Company’s attendance in person at the AGM will be limited to satisfying the requirements of a quorum. The Company will continue to monitor U.K. Government advice, which is evolving rapidly. In the event that our AGM arrangements have to change, the Company will announce the change in advance via a press release and post details on the Company’s Investor Relations section of our website at www.gwpharm.com and file them with the U.S. Securities and Exchange Commission.

Action to be taken

Only ordinary shareholders of record registered in the register of members at 5:30 p.m. London time (12:30 p.m. New York City time) on Thursday, May 21, 2020 will be entitled to vote at the Meeting.

As a result of restrictions on movement and gatherings introduced by the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020, other than the presence of two persons to be arranged by the Company at the Meeting, ordinary shareholders are not expected to be allowed to attend the Meeting in person. Accordingly, we urge you to fill out and return the enclosed form of proxy to ensure your vote is counted. Alternatively, please submit your proxy online at www.signalshares.com (see instructions on form of proxy). All proxies, however submitted, must be lodged with our registrar, Link Asset Services, by no later than **4:00 p.m. London time (11:00 a.m. New York City time) on Thursday, May 21, 2020**. CREST members may appoint a proxy by using the CREST electronic proxy appointment service.

Recommendation

You will find on pages 2 to 7 of this document explanatory notes in relation to each of the various resolutions which are set out in the Notice of AGM. Your Directors consider that each Resolution is in the best interests of the Company and its shareholders as a whole and is likely to promote the success of the Company. Accordingly, your Directors unanimously recommend that you vote in favour of the Resolutions as each of the Directors with personal holdings of shares in the Company intends to do in respect of their own beneficial holdings of shares.

Thank you for your ongoing support of GW Pharmaceuticals.

Yours sincerely



Dr. Geoffrey W Guy
Chairman

ORDINARY BUSINESS

Proposal 1–Re-election of Dr. Geoffrey Guy to the Board of Directors

Dr. Geoffrey Guy is currently a member of our Board of Directors and has been nominated for re-election as a director. If elected, he will hold office from the date of his election until the next occasion on which he must retire by rotation under the Articles and offer himself for re-election, or until his earlier death, resignation or removal. Dr. Guy has agreed to serve if elected, and we have no reason to believe that he will be unable to serve.

Dr. Guy, 65, is our founder and has served as Chairman since 1998. Dr. Guy has extensive experience in medical research and global drug development, has held leadership roles in various biopharmaceutical companies, and provides broad and experienced knowledge of the global pharmaceutical industry as well as extensive scientific expertise. Dr. Guy has over 30 years of experience in medical research and global drug development, previously as founder, chairman and chief executive of Ethical Holdings plc (“Ethical Holdings”), a Nasdaq listed drug delivery company (now Amarin Corporation plc, or Amarin), which he founded in 1985 and led it through its Nasdaq listing in 1993. He also founded Phytopharm plc in 1989, of which he was chairman until 1997. Dr. Guy has been the physician in charge of over 300 clinical studies including first dose in man, pharmacokinetics, pharmacodynamics, dose-ranging, controlled clinical trials and large scale multi-centred studies and clinical surveys. He is also an author on numerous scientific publications and has contributed to six books. Dr. Guy was appointed as Visiting Professor in the School of Science and Medicine at the University of Buckingham in July 2011. He also received the “Deloitte Director of the Year Award in Pharmaceuticals and Healthcare” in 2011. Dr. Guy was appointed Visiting Professor at Westminster University, and awarded Honorary DSc at Reading University in 2016. Dr. Guy is also a Member of the Court of Benefactors of The Royal Society of Medicine and holds a BSc in pharmacology from the University of London, a Bachelor of Medicine, Bachelor of Surgery at St. Bartholomew’s Hospital, a Membership of the Royal Colleges of Surgeons of England, and Licentiate of the Royal College of Physicians, a Licentiate in Medicine and Surgery of the Society of Apothecaries and a Diploma of Pharmaceutical Medicine from the Royal Colleges of Physician.

Based on Dr. Guy’s global business management and pharmaceutical expertise from his directorship experience in international public companies as well as his executive roles in various pharmaceutical companies, the Nominations and Governance Committee concluded that Dr. Guy is qualified to serve on our Board of Directors.

The Board of Directors recommends a vote for the re-election of Dr. Geoffrey Guy to the Board of Directors.

Proposal 2–Re-election of Cabot Brown to the Board of Directors

Mr. Cabot Brown, 58, is currently a member of our Board of Directors and has been nominated for re-election as a director. If elected, he will hold office from the date of his election until the next occasion on which he must retire by rotation under the Articles and offer himself for re-election, or until his earlier death, resignation or removal. Mr. Brown has agreed to serve if elected, and we have no reason to believe that he will be unable to serve.

Cabot Brown has served as a non-executive Director since 2013. Mr. Brown has decades of business, operational and board of director experience with a broad range of companies. Mr. Brown is the founder and chief executive officer of Carabiner LLC, a strategic and financial advisory firm based in San Francisco that specialises in healthcare and education. Previously, Mr. Brown served as a Managing Director and Head of the Healthcare Group at GCA Savvian, an international financial advisory firm, from 2011 to 2012. Before joining GCA Savvian, Mr. Brown worked for 10 years at Seven Hills Group, an investment banking group he co-founded where he also directed the firm’s healthcare activities. He also was Managing Director of Brown, McMillan & Co, an investment firm he co-founded that sponsored buy-outs and venture capital investments. From 1987 until 1995, Mr. Brown worked at Volpe, Welty & Company, a boutique investment bank where he co-founded and ran the healthcare practice and served as a member of its Executive Committee. Mr. Brown holds an MBA from Harvard Business School with high distinction as a George F. Baker Scholar and an AB cum laude in Government from Harvard College.

Based on Mr. Brown’s decades of pharmaceutical expertise from his directorship experience in international public companies as well as his executive and non-executive roles in various pharmaceutical companies, the Nominations and Governance Committee concluded that Mr. Brown is qualified to serve on our Board of Directors.

The Board of Directors recommends a vote for the re-election of Cabot Brown to the Board of Directors.

Proposal 3–Approval of our 2020 Long Term Incentive Plan

Equity awards have been historically and, we believe, will continue to be, a critical component of our overall compensation programme for our employees, directors and consultants. Currently, we maintain the GW Pharmaceuticals plc 2017 Long-Term Incentive Plan, or the 2017 Plan, to grant equity incentives to our employees, directors and consultants. We are seeking shareholder approval of the 2020 Plan to provide us with the ordinary shares necessary to continue to grant equity awards at levels we determine to be appropriate in order to attract, motivate and retain talented employees, directors and consultants, align their interests with those of our shareholders, link their compensation with company performance and maintain a culture based on share ownership. If the 2020 Plan is approved by our shareholders at the AGM, no new awards will be granted under the 2017 Plan on or after the date of the AGM.

We believe it is critical for our long-term success that the interests of our employees, directors and consultants be tied to our success as “owners” of our business and provide incentives for such persons to exert maximum efforts for our success. We believe we must offer competitive equity compensation packages in order to retain and motivate the talent necessary for our continued growth and success.

We carefully monitor the equity compensation and equity holdings of our employees, directors and consultants as well as the type of equity awards we grant to ensure these awards continue to provide incentives for the recipients to work towards our success.

As of March 31, 2020, 149,260 ordinary shares remained available for the grant of future awards under the 2017 Plan, and outstanding awards consisting of options to purchase up to 6,826,797 ordinary shares, 5,214,174 restricted stock units, 556,860 performance-style restricted stock units, and 151,344 performance stock units were granted under the 2017 Plan.

We believe that the ordinary shares currently available for grant under the 2017 Plan will be insufficient to meet our anticipated retention and recruiting needs, our expected growth and hiring needs and our ability to offer competitive equity incentives to new hires. Over the past several years, our business has grown substantially. The establishment of a U.S. subsidiary, the commercialisation in the United States and Europe with our own sales force, the expansion of our in-house manufacturing capabilities and the further development of our pipeline products have all contributed to an increase in the number of our employees and the number and size of the equity awards we have determined necessary to grant to employees, consultants and advisors. We expect to experience targeted growth in personnel as we continue to grow our business and expand our pipeline.

The number of ordinary shares we are seeking under the 2020 Plan will enable us to have a competitive equity incentive programme to retain and motivate our key employees and other service providers and, to the extent necessary, recruit top talent as necessary to execute on our business plan.

We recognise that equity-based awards dilute existing shareholders and, therefore, we must responsibly manage the growth of our equity compensation programme. If this Proposal 3 is approved by our shareholders, the 22,200,000 new ordinary shares (and equivalent ADSs) we are seeking under the 2020 Plan equates to approximately 6% of our total 372,562,088 issued share capital as of March 31, 2020.

We are committed to effectively monitoring our “burn rate,” to ensure that we maximise shareholders’ value by granting the appropriate number of equity-based incentive awards necessary to attract, reward, and retain our key personnel. Our burn rate over the past fiscal year, incorporating all equity-based awards granted, was 1.1% and over the past three fiscal years our burn rate has been 3.1%. (average of 1% per annum). We calculate burn rate as the number of ordinary shares subject to equity-based awards granted during a fiscal year, divided by the weighted average common shares outstanding for that fiscal year. Total equity-based awards outstanding (awarded but not vested) as of March 31, 2020 equate to 3.4% of the Company’s issued share capital.

If our shareholders do not approve this Proposal 3, the Company strongly believes that it will be unable to successfully use equity as part of its compensation programme, as most of its competitors in the industry do, putting the Company at a significant disadvantage and compromising its ability to enhance shareholder value. Therefore, we believe that approval of this request is in the best interest of our shareholders and our Company.

If this Proposal 3 is approved by our shareholders, the 2020 Plan will become effective as of the date of the AGM, or the Effective Date. In the event that our shareholders do not approve this Proposal 3, the 2020 Plan will not become effective, and we will continue to be able to grant awards under the 2017 Plan in accordance with its terms and remaining share reserves.

The Board of Directors recommends you vote for approval of the 2020 Long Term Incentive Plan.

Proposal 4—Approval of our U.K. Statutory Directors’ Annual Report on Remuneration

The U.K. Companies Act 2006 (the “CA 2006”) requires that the annual report on directors’ remuneration, contained within the 2019 U.K. Annual Report, be subject to an annual advisory vote so that shareholders vote, by ordinary resolution, to approve directors’ remuneration in the relevant financial year and how the remuneration policy will be implemented in the following financial year.

The full text of the Company’s remuneration report is contained on pages 16 to 35 of the 2019 U.K. Annual Report. The remuneration report sets out the Company’s policy towards, and gives details of, Directors’ remuneration and other relevant information.

The directors’ remuneration report includes the annual report on remuneration. This document describes in detail our remuneration policies and procedures and explains how these policies and procedures help to achieve our compensation objectives with regard to our directors and the retention of high-quality directors. Our Board of Directors and the Remuneration Committee believe that the policies and procedures as articulated in the directors’ remuneration report are effective and that as a result of these policies and procedures, we have and will continue to have high-quality directors. Our Board of Directors has approved and signed the report in accordance with English law.

At the Meeting, the shareholders will vote on the annual report on remuneration (excluding the directors’ remuneration policy). This vote is advisory and non-binding. Although non-binding, our Board of Directors and Remuneration Committee will review and consider the voting results when making future decisions regarding our director remuneration programme.

Following the Meeting, and as required under English law, the directors’ annual report on remuneration will be delivered to the U.K. Registrar of Companies.

The Board of Directors recommends you vote for approval of the compensation of our U.K. Statutory Directors’ Annual Report on Remuneration as set forth in pages 16 to 35 of the 2019 U.K. Annual Report

Proposal 5—Advisory (non-binding) vote to approve the Company’s Executive Compensation

The Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended, and Section 14A of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), enable our shareholders to approve, on an advisory, non-binding basis, the compensation of our named executive officers as disclosed in the proxy statement pursuant to Section 14(a) of the U.S. Securities Exchange Act of 1934 filed by the Company on April 7, 2020 (the “Proxy Statement”). The Proxy Statement is on the Company’s website at www.gwpharm.com.

This Proposal, known as a “Say-on-Pay” Proposal, gives our shareholders the opportunity to express their views on our named executive officers’ compensation as a whole. This vote is not intended to address any specific item of compensation or any specific named executive officer, but rather the overall compensation of all of our named executive officers and the philosophy, policies and practice.

Our compensation programmes are designed to support our business goals and promote our long-term profitable growth. Our equity plans are intended to align compensation with the long-term interests of our shareholders. We urge shareholders to read the “Compensation Discussion and Analysis”, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives. We also encourage you to review the 2019 Summary Compensation Table and other related compensation tables and narratives, which provide detailed information on the compensation of our named executive officers. Our Board of Directors and the Remuneration Committee believe that the policies and procedures described and explained in the “Compensation Discussion and Analysis” are effective in achieving our goals.

The vote under this Proposal No. 5 is advisory, and therefore not binding on the Company, the Board of Directors or our Remuneration Committee. However, our Board of Directors and Remuneration Committee value the opinions of our shareholders and will review and consider the voting results when making future decisions regarding our executive compensation programme.

Shareholders will be asked at the Meeting to approve the following resolution pursuant to this Proposal No. 5:

“RESOLVED, that the shareholders of the Company approve, on a non-binding, advisory basis, the compensation of the Company’s “named executive officers,” as disclosed under the “Compensation Discussion and Analysis” section, the compensation tables and the narrative disclosures that accompany the compensation tables, for the 12-month period ended December 31, 2019.”

The Board of Directors recommends you vote for approval of the compensation of our named Executive Officers.

Proposal 6–Ratification of the appointment of Deloitte & Touche LLP as our U.S. Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2020

Proposal No. 6 seeks ratification of the appointment of Deloitte & Touche LLP (“Deloitte U.S.”) to serve as our U.S. independent registered public accounting firm for the fiscal year ending December 31, 2020.

BACKGROUND TO PROPOSAL NO. 6

Our Audit Committee has selected Deloitte U.S. as our U.S. independent registered public accounting firm for the fiscal year ending December 31, 2020, and has further directed that we submit the selection of Deloitte U.S. for approval by our shareholders at the Meeting.

The Audit Committee approves Deloitte U.S.’s and its affiliates’ audit and non-audit services in advance as required under Sarbanes-Oxley and SEC rules. Before the commencement of each fiscal year, the Audit Committee appoints the independent auditor to perform audit services that we expect to be performed for the fiscal year and appoints the auditor to perform audit-related, tax and other permitted non-audit services. In addition, our Audit Committee approves the terms of the engagement letter to be entered into by us with the independent auditor. The Audit Committee has also delegated to its chairman the authority, from time to time, to pre-approve audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees, provided that the chairman shall report any decisions to pre-approve such audit-related and non-audit services and fees to our full Audit Committee at its next regular meeting.

Deloitte U.S. commenced auditing our annual financial statements with the fiscal year 2018. In prior periods, when the Company reported as a foreign private issuer, Deloitte LLP (“Deloitte U.K.”) served as principal auditor for the Company’s consolidated financial statements as reported on Form 20-F. Deloitte U.K. also served as the Company’s principal auditor for the audits of the consolidated financial statements for the year ended September 30, 2017, prepared under accounting principles generally accepted in the United States of America.

Fees for Independent Registered Public Accounting Firm—Deloitte U.S. and Deloitte U.K.

The table below sets forth a summary of the fees billed to the Company by Deloitte U.S. and Deloitte U.K. for professional services rendered for the year ended December 31, 2019, the Transition Period ended December 31, 2018, and the year ended September 30, 2018. All such audit and audit-related services were pre-approved by the Audit Committee, which concluded that the provision of such services by Deloitte U.S. and Deloitte U.K. was compatible with the maintenance of that firm’s independence in the conduct of its auditing functions.

| Fees | Year ended December 31, 2019 (\$ in thousands) | Three months ended December 31, 2018 (\$ in thousands) | Year ended September 30, 2018 (\$ in thousands) |
|-------------------------------|--|--|---|
| Audit Fees ⁽¹⁾ | | | |
| Deloitte U.S. | 2,057 | 1,067 | 1,002 |
| Deloitte U.K. | 36 | 30 | 550 |
| Audit-related Fees | — | — | — |
| Tax Fees ⁽²⁾ | 487 | 45 | 29 |
| All Other Fees ⁽³⁾ | 3 | 3 | 2 |
| Total | 2,583 | 1,145 | 1,583 |

(1) Audit Fees consist of professional services rendered for the audit of our annual consolidated financial statements for year ended December 31, 2019, the Transition Period ended December 31, 2018 and year ended September 30, 2018, the audit of our internal control over financial reporting as of December 31, 2019, December 31, 2018 and September 30, 2018, reviews of consolidated quarterly financial statements, statutory audits of the Company and its subsidiaries, issuance of comfort letters, consents and assistance with review of documents filed with the SEC for the audit of our consolidated financial statements.

(2) Tax Fees consist of fees paid for the following services: fees and related expenses billed for professional services for tax compliance, tax advice and tax planning.

(3) All Other Fees incurred were for subscriptions to technical accounting resources.

The Board of Directors recommends a vote for the ratification of the appointment of Deloitte & Touche LLP as our U.S. Independent Registered Public Accounting firm for the fiscal year ending December 31, 2020.

Proposal 7—Re-appointment of Deloitte LLP as our U.K. Statutory Auditors, to hold office until the conclusion of the next Annual General Meeting of shareholders

Proposal No. 7 seeks your approval of the re-appointment of Deloitte LLP (“Deloitte U.K.”) to serve as our U.K. statutory auditor, to hold office until the conclusion of the next annual general meeting of shareholders. In the event this Proposal does not receive the affirmative vote of the holders of a majority of the shares entitled to vote and who are present in person or represented by proxy at the Meeting, the Board of Directors may appoint an auditor to fill the vacancy.

The Board of Directors recommends a vote for the re-appointment of Deloitte LLP as our U.K. Statutory Auditors, to hold office until the conclusion of the next Annual General Meeting of shareholders.

Proposal 8—Authorisation for the Audit Committee to determine the auditors’ remuneration for the fiscal year ending December 31, 2020

Proposal No. 8 authorises the Audit Committee to determine our auditors’ remuneration for the fiscal year ending December 31, 2020. Fees for Deloitte U.S. and Deloitte U.K., our U.S. independent registered public accounting firm and U.K. statutory auditors, in respect of the year ended December 31, 2019, the Transition Period and the year ended September 30, 2018, are set forth in Proposal No. 6 above.

The Board of Directors recommends a vote for the authorisation for the Audit Committee to determine the auditors’ remuneration for the fiscal year ending December 31, 2020.

Proposal 9—Resolution to receive and adopt the Company’s 2019 U.K. Annual Report

The CA 2006 requires the directors of a public company to lay before the company in general meeting copies of the directors’ reports, the independent auditors’ report and the audited financial statements of the company in respect of each financial year.

At the Meeting, our Board of Directors will present our 2019 U.K. Annual Report, which includes the audited portion of the directors’ annual report on remuneration. We will provide our shareholders with an opportunity to receive our 2019 U.K. Annual Report and to raise questions in relation to them.

In accordance with best practice, the Company proposes an ordinary resolution to receive and adopt the 2019 U.K. Annual Report.

The 2019 U.K. Annual Report may be found in the “Investor Relations” section of the Company website at ir.gwpharm.com.

The Board of Directors recommends a vote for the resolution to receive and adopt the Company’s 2019 U.K. Annual Report

BACKGROUND TO PROPOSALS 10 AND 11

As a matter of U.K. company law, directors of a company incorporated in England must have authority from shareholders to allot or grant rights to subscribe for, or to convert any security into, the company’s shares.

In addition, when an allotment of shares is for cash, the company must first offer those shares on the same terms to existing shareholders of the company on a pro-rata basis (commonly referred to as statutory pre-emption rights) unless these statutory pre-emption rights are dis-applied, by approval of the shareholders.

Proposals No. 10 and 11, which we refer to as our “Share Issuance Proposals,” ask our shareholders for authority for the directors to allot shares or grant rights over shares up to an aggregate nominal amount of £122,950 and the power for the directors to allot shares or grant rights over shares for cash up to an aggregate nominal amount of £37,260, representing approximately 10% of total issued share capital, on a non-preemptive basis. This authority and power would last for a period of one year.

Many of the companies with which we compete strategically are listed and incorporated in the United States, and are not subject to similar share issuance restrictions. We are asking you to approve our Share Issuance Proposals to allow us to continue to execute on our business and growth strategy in a timely and competitive manner.

We have no immediate plans, arrangements or understandings with respect to any share issuances pursuant to our Share Issuance Proposals.

While we would still have the ability to seek shareholder approval in connection with a specific issuance of shares, should our shareholders not approve Proposals No. 10 and 11, we do not believe that our ability to convene a general meeting of shareholders to approve each specific share issuance that we might seek to undertake in furtherance of future strategic transactions is a workable alternative to obtaining approval of Proposals No. 10 and 11. The uncertainty as to whether we could obtain shareholder approval for a specific issuance, as well as the delays we would experience in seeking and obtaining such approval, could be harmful to the terms of such a share issuance. In addition, the case-by-case approval approach ignores market windows and other deal timing and competitive realities.

Specifically, the requirement to first offer shares that we propose to issue for cash to all of our existing shareholders in time-consuming pro-rata rights offerings would considerably reduce the speed at which we could complete capital-raising activities undertaken in furtherance of our growth strategy, would increase our costs, might otherwise make it difficult for us to complete such transactions, and could put us at a distinct competitive disadvantage.

We believe that we have been successful in executing on our long-term business plan and growth strategy, while also creating value for our shareholders. Access to capital and the ability to raise new equity shareholder funds at short notice have been an important factor that has contributed to this success. In practice, offering shares to existing shareholders in accordance with U.K. statutory pre-emption rights can be time-consuming, so U.K. market practice for companies whose share capital is listed on the London Stock Exchange is annually to seek a shareholder resolution waiving or dis-applying pre-emption rights over new share issuances for cash, up to an agreed limit. For U.K. companies, this annual limit, usually totalling 10%, is often sub-divided into 5% of issued share capital on an unrestricted basis and an additional 5% in connection with an acquisition or specified capital investment, irrespective of the cash flows and funding needs of the business. As we are proposing a limit that would enable 10% of share capital on an unrestricted basis, this proposal may attract a negative voting recommendation from certain proxy advisory firms, although we note that in the context of the situation regarding COVID-19 the Pre-Emption Group in the U.K. has recently published a statement recommending that investors consider supporting issuances by companies of up to 20% of their issued share capital on a temporary basis. However, we have established a track record over the last seven years of having secured shareholder approval for issuance of up to 20% of share capital on an unrestricted basis, and this year, we have reduced this to 10% of the Company's issued share capital to limit potential future dilution arising from issuance of equity. This reduction is a result of our desire to respond to our shareholders' feedback and is made possible by our reduced reliance upon funding from new equity issuance now that we are generating cash inflows from commercial product sales growth. We believe the request for the disapplication of pre-emption rights of 10% of the Company's issued share capital will provide us with the flexibility and funding we believe we require at this stage of development of the Company. We propose to seek a one-year authority to allot shares or grant rights over shares over the equivalent of 33% of our current issued share capital and under this authority to seek the power to allot shares or grant rights over shares for cash on a non-preemptive basis over the equivalent of 10% of our current issued share capital. This power to allot or grant rights over shares for cash is intended to encompass future fundraisings (whether for capital investments, acquisitions or otherwise). In the event that we wish to exceed the 10% limit in the next year, we would need to revert to shareholders to seek their pre-approval.

The Share Issuance Proposals are fully compliant with U.K. company law, consistent with U.S. capital markets practice and governance standards, and, if approved, will keep us on an equal footing with our peer companies who are incorporated and listed in the United States; we believe that the Share Issuance Proposals are appropriate to the needs of the Company and in the interests of shareholders. We are therefore asking you to approve the Share Issuance Proposals to allow us to continue to execute on our business and growth strategy in a timely and competitive manner.

Summary

The Share Issuance Proposals, if approved, will allow our Board of Directors continued flexibility to issue shares subject to shareholder approval and other requirements of Nasdaq Stock Market and the Securities and Exchange Commission. The renewal of the Share Issuance authorities, as proposed:

- will not exempt us from any Nasdaq corporate governance or other requirements, including those limiting the issuance of shares;
- will keep us on an equal footing with our peer companies who are incorporated and listed in the United States, while also fully complying with U.K. law; and
- is fully consistent with U.S. capital markets practice and governance standards.

The full details of the Share Issuance Proposals are set forth below.

Proposal 10—Authorisation of allotment of shares

Under U.K. company law, the Directors cannot allot shares in the Company, or grant rights to subscribe for, or to convert any security into shares in the Company, unless they are authorised to do so by shareholders in general meeting.

The Directors currently have an existing authority to allot shares in the Company and to grant rights to subscribe for or convert any securities into shares in the Company. This authority was given to the Directors at the last annual general meeting held in June 2019 and was in respect of shares with a nominal value of up to £123,000, representing at that time approximately 33% of the then issued share capital of the Company. This authority is due to expire at the forthcoming AGM on May 26, 2020. The Directors believe that it is vitally important that they retain the flexibility needed to fund the business for the foreseeable future, as we may need to raise new equity funds to ensure the financial health of the business, further invest in commercialisation infrastructure for Epidiolex, and retain the ability to invest in the research and development of additional product candidates to further grow the business and create further value for shareholders. We therefore propose the grant of a new one-year authority, over the equivalent of 33% of the current issued share capital, at the forthcoming AGM.

Proposal No. 10 proposes that the Directors be generally and unconditionally authorised, in accordance with Section 551 of CA 2006, to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company, up to a maximum nominal amount of £122,950.

This authority shall expire (unless previously revoked or varied by the Company in general meeting) at the conclusion of the 2021 annual general meeting of the Company or, if earlier, on May 26, 2021. The Company may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or rights to be granted after it expires, and the directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired.

The existing authority conferred on directors under Section 551 of the CA 2006 at the annual general meeting held on June 13, 2019 shall cease to have effect but without prejudice to any allotment of shares or grant of rights over shares already made or offered or agreed to be made pursuant to such authority.

The grant of this authority will not exempt the Company from applicable Nasdaq requirements to obtain shareholder approval prior to certain share issuances or to comply with applicable Securities and Exchange Commission disclosure and other regulations. Our Board of Directors will continue to focus on and satisfy its fiduciary duties to our shareholders with respect to share issuances.

The Directors have no present intention of exercising this authority, but believe it is in the interests of shareholders for the Directors to have this flexibility to allot shares should circumstances and their intentions change.

The Board of Directors recommends a vote for the approval of proposal No. 10.

Proposal 11–Disapplication of pre-emption rights

As a U.K.-incorporated company, the Company's ordinary shareholders are entitled, under Section 561 of the CA 2006 to pre-emption rights, whereby, in the event that the Company wishes to allot new equity securities for cash, those securities must first be offered to existing shareholders in proportion to the number of ordinary shares they each hold before they can be offered to new shareholders.

In practice, the operation of such pre-emption rights can be time-consuming and result in additional expense to the cost of an equity fundraising. It has therefore been customary each year for the Board of Director to seek authority from our shareholders to dis-apply statutory pre-emption rights for cash issues of up to a certain proportion of the Company's issued share capital. For each of the past seven years, GW's shareholders have approved an annual disapplication of pre-emption rights over the equivalent of approximately 20% of the Company's issued share capital. This year, we have reduced this to 10% of the Company's issued share capital to limit further dilution arising from grants of equity awards. This reduction is a result of our desire to respond to our shareholders' feedback and is made possible by our reduced reliance upon funding from new equity issuance now that we are generating cash inflows from commercial product sales growth.

With the Company solely listed on Nasdaq, and the Company's peers, key shareholders and primary target market being the United States, the Board of Directors is also mindful of the fact that pre-emption rights do not hinder equivalent U.S. companies from being able to execute equity fundraising. In the last few years, GW has successfully raised capital from investors in a rapid timeframe in order to develop Epidiolex and to continue to achieve significant value creation for shareholders. Whilst we have no immediate plans to raise new equity, we need to maintain the ability to raise new equity funds to ensure the financial health of the business and to retain the ability to invest in further business growth.

Proposal No. 10 seeks the power for the Directors to allot equity securities or sell treasury shares in the capital of the Company pursuant to the authority conferred by Proposal No. 11 for cash without complying with the pre-emption rights in the CA 2006. The power will be limited to the allotment of equity securities and sales of treasury shares for cash up to a maximum aggregate nominal value of £37,260, being approximately 10% of the Company's issued ordinary share capital at March 31, 2020. The Board of Directors considers that, at this stage of the development of the Company, the ability to raise new equity funds at relatively short notice and at low cost is vital to the continuing financial health of the business. Access to capital has had a transformational effect on the business in the last five years enabling the Board of Directors to seize the opportunity to develop valuable medicines whilst retaining the full commercial rights to these products. We believe that it is in the best interests of the Company and our shareholders for the Board of Directors to seek to retain the ability to readily raise new equity funds at the appropriate time.

This Proposal will be required to be passed as a special resolution and, if passed, this power will expire at the same time as the authority conferred on the Directors under Proposal No. 10. The Directors have no present intention of exercising this power, except in relation to the Company's share incentive schemes, but believe it is in the interests of shareholders for the Directors to have this flexibility to allot shares for cash otherwise than just in relation to the Company's share incentive schemes should circumstances and their intentions change.

If shareholders do not approve this Proposal No. 11, the Directors will generally not be able to issue any new shares for cash after May 26, 2020 on a non-preemptive basis, other than to employees pursuant to existing share option grants, without first seeking and obtaining shareholder approval for each such issuance by holding a general meeting. Case-by-case approval is considered to be an impractical approach which ignores market windows and other timing practicalities and could cause future uncertainty about our ability to obtain the shareholder approvals necessary to continue to maintain the financial health of the business and deploy capital appropriately to meet the strategic goals of the business that are in the best interests of shareholders.

The Board of Directors recommends a vote for the approval of proposal No. 11.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2020 Annual General Meeting ("AGM") of the Company will be held at Kingsgate House Newbury Road, Andover, SP10 4DU on 26 May 2020 at 4:00 p.m. to transact the following business:

ORDINARY BUSINESS

- (1) To re-elect as a director, Dr. Geoffrey Guy, who retires by rotation in accordance with the Articles of Association.
- (2) To re-elect as a director, Cabot Brown, who retires by rotation in accordance with the Articles of Association.
- (3) To approve the 2020 Long-Term Incentive Plan.
- (4) To receive and approve the directors' remuneration report (excluding the directors' remuneration policy included on pages 30 to 33 of the directors' remuneration report) as set out on pages 16 to 35 of the Directors' and Auditors' Reports and the Statement of Accounts for the 12-month period ended December 31, 2019 (the "2019 U.K. Annual Report").
- (5) To approve, on a non-binding, advisory basis, the compensation of the Company's named executive officers, as disclosed in the proxy statement under the "Compensation Discussion and Analysis" section, the compensation tables and the narrative disclosures that accompany the compensation tables, for the 12-month period ended December 31, 2019.
- (6) To ratify the Audit Committee's appointment of Deloitte & Touche LLP as the Company's U.S. independent registered public accounting firm for the fiscal year ending December 31, 2020.
- (7) To re-appoint Deloitte LLP as the Company's U.K. statutory auditors under the U.K. Companies Act 2006, to hold office until the conclusion of the next annual general meeting of shareholders.
- (8) To authorise the Audit Committee to determine remuneration of the Company's auditors for the fiscal year ending December 31, 2020.
- (9) To receive and adopt the 2019 U.K. Annual Report and to note that the directors do not recommend the payment of any dividend for the 12-month period ended December 31, 2019.
- (10) To authorise the directors, generally and unconditionally for the purpose of s551 of the U.K. Companies Act 2006 to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to a maximum aggregate nominal amount of £122,950, being approximately 33% of the Company's issued ordinary share capital at March 31, 2020, to such persons at such times and upon such conditions as the directors may determine (subject to the Company's articles of association). This authority shall expire on the earlier of May 26, 2021 and the conclusion of the annual general meeting of the Company to be held in 2021.

The Company may at any time before the expiration of this authority make an offer or agreement which would or might require shares to be allotted, or Rights to be granted, pursuant to this authority after its expiration, and the directors may allot shares or grant Rights in pursuance of that offer or agreement as if the authority conferred by this resolution had not expired.

The authority referred to in this resolution will replace the existing authority conferred on the directors under s551 of the U.K. Companies Act 2006 at the annual general meeting held on June 13, 2019, but without prejudice to any allotment of shares or grant of Rights already made or offered or agreed to be made pursuant to such authority.

The application of the authority in this resolution is to be interpreted in accordance with s549(2) and (3) and s559 of the U.K. Companies Act 2006.

SPECIAL BUSINESS

- (11) Subject to the passing of Resolution 10, to empower the directors generally pursuant to s570(1) of the U.K. Companies Act 2006 to allot equity securities (as defined in s560 of the U.K. Companies Act 2006) for cash pursuant to the general authority conferred on them by Resolution 10 as if s561(1) of the U.K. Companies Act 2006 did not apply to that allotment. This power:
 - (a) shall be limited to the allotment of equity securities for cash up to a maximum aggregate nominal value of £37,260, being approximately 10% of the Company's issued ordinary share capital at March 31, 2020;
 - (b) expires at the same time as the authority conferred by Resolution 10, but so that the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted or rights to be granted after it expires and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired; and
 - (c) applies in relation to a sale of shares which is an allotment of equity securities by virtue of s560(3) of the U.K. Companies Act 2006 as if in the first paragraph of this resolution the words "pursuant to the general authority conferred on them by Resolution 10" were omitted.

For the purposes of this resolution, references to the allotment of equity securities shall be interpreted in accordance with s560 of the U.K. Companies Act 2006.

Proposals No. 1 through 10 will be proposed as ordinary resolutions and under English law, assuming that a quorum is present, an ordinary resolution is passed on a show of hands if it is approved by a simple majority (more than 50%) of the votes cast by shareholders present (in person or by proxy) at the meeting and entitled to vote. If a poll is demanded, an ordinary resolution is passed if it is approved by holders representing a simple majority of the total voting rights of shareholders present (in person or by proxy) who (being entitled to vote) vote on the resolution. Proposal 11 will be proposed as a special resolution. Special resolutions require the affirmative vote of not less than 75% of the votes cast by shareholders present (in person or by proxy) at the meeting and entitled to vote. On a poll, a special resolution is passed if it is approved by holders representing at least 75% of the votes cast (in person or by proxy) at the meeting who (being entitled to vote) vote on the resolution.

The result of the shareholder votes on the ordinary resolutions in Proposals No. 4, 5 and 9 regarding approval of our U.K. statutory directors' annual report on remuneration for the 12-month period ended December 31, 2019, approval of the compensation of our named executive officers for the 12-month period ended December 31, 2019 and approval of our Directors' and Auditors' Reports and Statement of Accounts for the 12-month period ended December 31, 2019 will not require our Board of Directors or any committee thereof to take any action. Our Board of Directors values the opinions of our shareholders as expressed through such votes and will carefully consider the outcome of the votes on Proposals No. 4, 5, and 9.

The results of any polls taken on the resolutions at the AGM and any other information required by the U.K. Companies Act 2006 will be made available on our website (<http://www.gwpharm.com>) as soon as reasonably practicable following the AGM and for the required period thereafter.

BY ORDER OF THE BOARD



Adam George
Company Secretary

Registered Office

Sovereign House
Vision Park
Chivers Way
Histon
Cambridge CB24 9BZ
17 April 2020
Registered in England and
Wales Number: 04160917

Notes:-

- (1) Any member entitled to attend, speak and vote at the AGM may appoint one or more proxies to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company but must attend the meeting. A member may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. To appoint more than one proxy you should contact the Company's registrar, Link Asset Services, at the address below.
- (2) Only those members registered in the register of members of the Company as at 5:30 p.m. London time (12:30 p.m. New York City time) on May 21, 2020 or, in the event that the meeting is adjourned, in such register not later than 48 hours before the time of the adjourned meeting, shall be entitled to attend, or vote (whether in person or by proxy) at the meeting in respect of the number of shares registered in their names at the relevant time.
- (3) A form of proxy has been provided for use by members. To be valid it should be completed, signed and delivered (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority) to the Company's Registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, not later than 48 hours (not including non-business days) before the time appointed for holding the AGM or any adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll.
- (4) In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all its powers as a member provided that they do not do so in relation to the same shares.
- (5) In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the Company's relevant register of members for the certificated or uncertificated shares of the Company (as the case may be) in respect of the joint holding.
- (6) CREST members who wish to appoint a proxy or proxies by using the CREST electronic proxy appointment service may do so for the AGM and any adjournments of it by utilizing the procedures described in the CREST Manual. The message (a CREST proxy instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("EUI") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's registrar, Link Asset Services (ID RA10) not later than the time stated in Note (3) above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by EUI.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures 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, to procure that its CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by any particular time. Reference should be made 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.

- (7) The completion and return of a form of proxy will not preclude a member from attending in person at the meeting and voting should he/she wish to do so, but if a member appoints a proxy and attends the meeting in person, the proxy appointment will automatically be terminated. Further, the appointment under the form of proxy may be terminated by the member prior to the commencement of the meeting (or any adjournment of the meeting). To be valid, the notice of termination of the authority of the person appointed to act as proxy must be deposited at the offices of the Company's registrar, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, not less than 48 hours (not including non-business days) before the time fixed for the holding of the AGM or any adjournment thereof (as the case may be).
- (8) Under Section 527 of the U.K. Companies Act 2006 ("CA 2006"), members meeting the threshold requirement 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: (a) 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 (b) 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 CA 2006.
- (9) The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the CA 2006. Where the Company is required to place a statement on a website under Section 527 of the CA 2006, 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 CA 2006, to publish on a website.

- (10) Copies of the 2020 Long-Term Incentive Plan and the Directors' service contracts and letters of appointment for non-executive directors will be available for inspection at the registered office of the Company at Sovereign House, Vision Park, Chivers Way, Histon, Cambridge, CB24 9BZ, United Kingdom during normal business hours on any week day (public holidays excepted) from the date of this Notice of AGM until the date of the AGM, and at the place of the AGM for one hour before the meeting and at the meeting itself. Copies of the 2020 Long-Term Incentive Plan and the directors' remuneration report are also included in the Proxy Statement pursuant to Section 14(a) of the U.S. Securities Exchange Act 1934 dated April 7, 2020, which is available on the Company's website at www.gwpharm.com.
- (11) As of March 31, 2020 (being the last practicable date before circulation of this Notice), the Company's issued ordinary share capital consisted of 372,562,088 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as of that date are 372,562,088 votes.
- (12) Except as set out in the notes to this Notice, any communication with the Company in relation to the AGM, including in relation to proxies, should be sent to the Company's Registrar, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, England. No other means of communication will be accepted. In particular, you may not use any electronic address provided either in this notice or in any related documents to communicate with the Company for any purpose other than those expressly stated.
- (13) As a result of restrictions on movement and gatherings introduced by the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020, other than the presence of two persons to be arranged by the Company at the Meeting and notwithstanding the foregoing Notes, members are not expected to be allowed to attend the Meeting in person. Members' attention is drawn to the letter from the Chairman of the Company dated April 17, 2020.**