

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have recently sold or transferred all of your shares in Cornerstone FS Plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

CORNERSTONE FS PLC

*Incorporated in England and Wales under the Companies Act 2006
with registered number 08367949*

18 May 2023

Dear Shareholder

Annual General Meeting

I am pleased to notify you that the third Annual General Meeting (“AGM”) of the Company will be held at the offices of Gracechurch Group, 48 Gracechurch Street, London EC3V 0EJ on 20 June 2023 at 11.00 am. The formal Notice of the AGM (the “Notice”) and the resolutions to be proposed at the AGM are set out on page 3 of this document.

How to vote

We would strongly encourage all shareholders to submit their votes in advance and appoint the Chairman of the AGM as their proxy. This can be completed:

- **Online:** Via our registrar’s website at www.sharegateway.co.uk.
- **By CREST:** Via the CREST electronic proxy appointment service (for CREST members)
- **By post:** Neville Registrars, Neville House, Steelpark Road, Halesowen, B62 8HD, United Kingdom

All Forms of Proxy must be received by no later than 11.00 am on 18 June 2023. Further details on the voting procedure can be found in the Notice. The results of the voting will be published on our website as soon as is reasonably practicable following the conclusion of the AGM.

Proposed Resolutions

Explanatory notes to all the resolutions to be proposed at the meeting can be found in the Notice.

The Board considers that in order for the Company to be in a position to comply with its legal obligations and to raise finance to support the growth of the business, it is in the interests of shareholders of the Company for the directors to have the authority to place shares for cash without pre-emption rights, subject to the limits set out in the resolutions and also to allot consideration shares in respect of any potential acquisitions.

Recommendation

The directors of the Company consider that all the proposals to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company. The directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings which amount to 3,457,559 Ordinary Shares representing 6.02% of the issued share capital of the Company.

Yours sincerely

Gareth Edwards
Chairman

18 May 2023

CORNERSTONE FS PLC

Registered in England and Wales with registered number 08367949

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (“**Meeting**”) of Cornerstone FS Plc (“**Company**”) will be held at the offices of Gracechurch Group, 48 Gracechurch Street, London EC3V 0EJ on 20 June 2023 at 11.00 am.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolution 9 will be proposed as a special resolution.

ORDINARY BUSINESS

1. To receive the Company’s financial statements for the year ended 31 December 2022 together with the reports of the directors and auditors thereon.
2. To re-elect James Hickman as a director of the Company. Mr Hickman retires as a director in accordance with the Company’s Articles of Association and offers himself up for re-election.
3. To re-elect Judy Happe as a director of the Company. Ms Happe retires as a director in accordance with the Company’s Articles of Association and offers herself up for re-election.
4. To re-elect Simon Bullock as a director of the Company. Mr Bullock retires as a director in accordance with the Company’s Articles of Association and offers himself up for re-election.
5. To re-elect John Burns as a director of the Company. Mr Burns retires as a director in accordance with the Company’s Articles of Association and offers himself up for re-election.
6. To re-appoint Haysmacintyre LLP as the Company’s auditors to hold office until the conclusion of the next Annual General Meeting of the Company at which accounts are laid.
7. To authorise the Audit Committee to agree the remuneration of the auditors of the Company.

SPECIAL BUSINESS

8. **THAT**, in substitution for any existing authorisation under section 551 of the Companies Act 2006 (the “Act”) but without prejudice to the exercise of any such authorisation prior to the date of this resolution, the directors of the Company be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all or any powers of the Company to allot shares in the Company and to grant rights (“relevant rights”) to subscribe for or to convert any security into shares of the Company (such shares and rights to subscribe for or to convert any security into shares of the Company being “relevant securities”) up to an aggregate nominal amount of £191,390 provided that such authorisation shall expire at the conclusion of the next annual general meeting of the Company unless previously renewed, revoked or varied by the Company in a general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or agreement which would or might require relevant securities to be allotted or relevant rights to be granted after the expiry of this authorisation and the directors of the Company may allot relevant securities or grant relevant rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.
9. **THAT**, subject to the passing of resolution numbered 8 above (the “**Section 551 Resolution**”), and in substitution for any existing power under sections 570 and 573 of the Act but without prejudice to the exercise of any such power prior to the date of this resolution, the directors of the Company are empowered in accordance with sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 (1), (2) and (3) of the Act) pursuant to the Section 551 Resolution as if section 561(1) of the Act did not apply to such allotment, provided that this power of disapplication shall be limited to:
 - a. up to an aggregate nominal amount of £25,615 in connection with the allotment of relevant rights in the relevant securities to Craig Strong and Joanna Strong;
 - b. up to an aggregate nominal amount of £18,175 in connection with the allotment of relevant rights in the relevant securities to holders of existing warrants;
 - c. up to an aggregate nominal amount of £5,693 in connection with the allotment of relevant rights in the relevant securities to certain non-executive directors in accordance with their letters of appointment;
 - d. up to an aggregate nominal amount of £57,417 in connection with the allotment of relevant rights in the relevant securities to any person,

provided that this authority shall expire at the conclusion of the next annual general meeting of the Company, but so that this power shall enable the Company to make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred.

By order of the Board
Hanh Jelf
Company Secretary

Registered Office:
The Old Rectory
Addington, Buckingham MK18 2JR

18 May 2023

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Right to appoint a proxy

1. Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. **You are strongly urged to register your votes in advance by appointing the Chairman of the AGM as your proxy.**
2. A proxy form which may be used to make such appointment and give proxy directions accompanies this Notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact the Company's registrar, Neville Registrars Limited, on +44 (0) 121 585 1131.

Procedure for appointing a proxy

3. To be valid, the proxy form must be received by post or (during normal business hours only) by hand at the office of the Company's registrar, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD, no later than 18 June 2023 at 11.00 am (or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned meeting). It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority. As an alternative to completing the hard copy Form of Proxy, you can appoint a proxy electronically online at www.sharegateway.co.uk and completing the authentication requirements as set out on the Form of Proxy. For an electronic proxy appointment to be valid, your appointment must be received by Neville Registrars Limited no later than 18 June 2023 at 11.00 am (or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned meeting). It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority.
4. 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 Neville Registrars Limited (under CREST participant ID 7RA11) by no later than 18 June 2023 at 11.00 am. The time of receipt will be taken to be the time from which Neville Registrars Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
5. The return of a completed proxy form or the transmission of a CREST Proxy Instruction will not preclude a member from attending the Annual General Meeting if he or she wishes to do so.

Record date

6. To be entitled to vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company as at 6.00 p.m. on 18 June 2023 or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the meeting.

Corporate representatives

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Communications

8. Members who have general enquiries about the meeting should use the following means of communication. No other means of communication will be accepted. You may write to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD.
9. You may not use any electronic address (within the meaning of Section 333(4) of the 2006 Act) provided in either this document or any related documents to communicate with the Company for any purposes other than those expressly stated.
10. Under Section 319A of the Act, a member attending the meeting has the right to ask questions in relation to the business of the meeting. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information (ii) the answer has already been given on a website in the form of an answer to a question or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Voting

11. Each of the resolutions to be put to the meeting will be voted on by a poll with each member having one vote for each share held thereby allowing all the proxy votes submitted and received prior to the meeting to be counted. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting.
12. As soon as practicable following the meeting, the results of the voting will be announced via a regulatory information service and also placed on the Company's website.

Total Voting Rights

13. As at 17 May 2023, being the latest practicable date prior to the date of this Notice, the Company's issued share capital consisted of 57,417,101 ordinary shares, carrying one vote each, and no treasury shares. Therefore, the total number of voting rights in the Company as at 17 May 2023 was 57,417,101.

Documents available for inspection

14. There will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), and for at least 15 minutes prior to and during the Annual General Meeting, copies of:
 - the Service Contract of each Executive Director; and
 - the Letters of Appointment of each Non-Executive Director.

EXPLANATORY NOTES TO THE NOTICE OF 2023 ANNUAL GENERAL MEETING

Resolution 1 – To receive the Report and Accounts

The Board asks that shareholders receive the reports of the directors and the financial statements for the period ended 31 December 2022, together with the report of the auditors.

Resolutions 2 to 5 – Re-election of directors

The Articles of Association of the Company require that one third of the directors shall retire at the next annual general meeting (including those appointed during the year) and shall then be eligible for reappointment. Accordingly, four of the directors will retire and submit themselves for re-election at this Annual General Meeting. Biographies of each of the directors can be found in the Governance section of the annual report for 2022 and also on the Company's website: www.cornerstonefs.com.

The Board believes that the named directors continue to perform effectively and that it is appropriate for them to continue to serve as directors of the Company. The Board accordingly supports the re-election of the directors submitting themselves for re-election.

Resolutions 6 and 7 – Reappointment and remuneration

The Company is required to appoint auditors at each Annual General Meeting to hold office until the next such meeting at which accounts are presented. Resolution 6 proposes the reappointment of the Company's existing auditors, Haysmacintyre LLP.

Resolution 7 proposes that the Audit Committee be authorised to determine the level of the auditors' remuneration on behalf of the Board.

Resolution 8 – Authority to allot relevant securities

Resolution 8 is proposed to renew the directors' powers to allot shares. The directors' existing authority, which was granted (pursuant to section 551 of the Act) at the General Meeting held on 7 December 2022, will expire at the end of this year's Annual General Meeting. Accordingly, resolution 8 would renew this authority by authorising the directors (pursuant to section 551 of the Act) to allot relevant securities up to an aggregate nominal amount equal to £191,390. Resolution 8 requires approval by a simple majority of those shareholders attending and entitled to vote in person or by proxy at the meeting.

The authority is limited to one third of the Company's issued share capital and is in line with the Pre-Emption Group's Statement of Principles 2022 and the Share Capital Management Guidelines published by the Investment Association. As stated in the Chairman's statement, the Board considers the authority is required so that the Company is in a position to comply with its legal obligations and have the ability to raise finance to support the growth of the business.

The authority sought under this resolution will expire at the conclusion of the annual general meeting of the Company to be held in 2024, or, if earlier, 15 months from the date of the passing of this resolution, unless renewed or revoked prior to such time.

Resolution 9 – Disapplication of statutory pre-emption rights

Resolution 9 is to approve the disapplication of pre-emption rights. The passing of this resolution would allow the directors to allot shares for cash without first having to offer such shares to existing shareholders in proportion to their existing holdings. Resolution 9 requires the approval of Shareholders representing at least 75 per cent. of those attending and entitled to vote in person or by proxy at the meeting and is subject to the passing of resolution 8.

The authority under resolution 9 would be limited to allotments:

- (i) in connection with allotments in respect of the Company's specific obligations; and
- (ii) (otherwise than pursuant to such specific allotments) up to an aggregate nominal amount of £57,417 (an amount equal to 10% of the Company's issued share capital).

The general authority in paragraph (ii) above is limited to 10 per cent. of the Company's issued share capital and is in line with the Pre-Emption Group's Statement of Principles 2022 and the Share Capital Management Guidelines published by the Investment Association.

As stated in the Chairman's statement, the disapplication authority under resolution 9 is considered by the Board to be important for the Company to enable it to comply with its legal obligations, to raise finance effectively and to take advantage of appropriate opportunities when they arise by providing flexibility in relation to the issue of shares for cash on a non-pre-emptive basis.

The authority contained in resolution 9 will expire at the conclusion of the annual general meeting of the Company to be held in 2024 or, if earlier, 15 months from the date of the passing of this resolution, unless renewed or revoked prior to such time.