

15th September 2022

Dear Shareholder

Appointment of new auditor and statement from outgoing auditor

As noted in today's Interim Results RNS we are pleased to announce the appointment of PKF Littlejohn LLP ("PKF") as our new auditor for the year ending 31 December 2022. This follows the decision by the Board, the Audit and Risk Committee ("Committee") and management to conduct a tender process for the 2022 audit which took place in May and June 2022. BDO LLP ("BDO"), which has been the Group's auditor since December 2019, did not participate in this tender process.

Per Companies (Guernsey) Law, 2008, BDO has submitted a statement outlining the reason for its resignation which, as required under s274 of the Companies (Guernsey) Law, 2008, will be available to all shareholders via the Company's website and is attached below.

The Board believes it would be helpful to shareholders to provide further context to BDO's statement, which cites challenges obtaining audit evidence in a timely manner for the Kingswood US business and effective two-way communication between BDO and the US management team, relating to the preparation of the Group's financial statements for the year ended 31 December 2021. We also highlight that the audit opinion in the 31 December 2021 financial statements was unqualified and did not disclose in its audit report any emphasis of matter.

As reported in our 2021 accounts, the Kingswood US business experienced exponential growth in the year with Investment Banking revenues increasing to \$158m [2020: \$10m] of which \$55m revenues were reported in Q4. Consequently, as the audit commenced in Q1 2022, significantly more sample testing needed to be completed than anticipated when the audit was being planned, which meant that more resource both from BDO and the Company was required than available. The US audit was conducted by BDO from the UK by a team that do not specialise in Investment Banking audits and therefore more time was also required to explain the business model with teams operating in different geographies and time zones. These factors subsequently meant that normal communication channels were more difficult to maintain.

The Committee and the Board recognise the importance of sound corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the QCA Code). In my capacity as an independent Non-Executive Director, I am responsible for ensuring that the Group has appropriate corporate governance standards in place and that requirements of the QCA Code are followed and applied within the Group at all times.

Our audit tender process set out a number of key criteria that the successful audit firm would need to exhibit and these included industry experience, relationship building and an ability to deliver the US audit locally. In their tender, PKF were able to demonstrate they meet each of these criteria and more and we look forward to working with them as our new auditor, starting with the audit of our financial statements for the year ending 31 December 2022 which will be published and sent to shareholders in early 2023.

Yours faithfully

Jonathan Freeman
Chair of the Audit and Risk Committee



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9 September 2022
Our Ref: JC

Kingswood Holdings Limited

As required under the provisions of the Companies (Guernsey) Law, 2008, we hereby give our resignation as auditor to the above entity. The reasons for our resignation are:

- The significant challenges which were experienced related to the ability to obtain sufficient and appropriate audit evidence in a timely manner for the Kingswood US business. Whilst we understand what underpins this, at this stage we foresee 2022 being close to, if not equally challenging in this regard.
- The apparent breakdown in the professional relationship & effective two-way communication with BDO and the US management team.

Other than the points noted above, we confirm that there are no circumstances in connection with our ceasing to hold office as auditor that need to be brought to the attention of the members or creditors of the entity.

Yours sincerely

Digitally signed by
BDO LLP
DN: c=GB, o=BDO LLP

BDO LLP