

«AddressBlock»

05 January 2022

Dear Shareholder,

In its letter of resignation as auditor of PCF Group plc (the “**Company**”) dated 23 December 2021, Ernst & Young LLP, detailed certain matters which it felt were matters connected with its ceasing to hold office that it considered needed to be brought to the attention of members or creditors of the Company in accordance with section 519 of the Companies Act 2006.

This requirement was announced on the 23 December 2021 by the Company in its “Board Changes and Change of Auditor” announcement, however, as we are required to also send that statement to you separately under section 520 of the Companies Act 2006, these matters are set out in the schedule to this letter for your consideration.

I would ask that you consider these matters in conjunction with the contents of the Audit & Risk Committee Report in the Report and Financial Statements for the year ended 30 September 2020¹.

Yours faithfully,



Garry Stran
Interim Chief Executive Officer
PCF Group plc

Enc

¹ These can be found on the Company’s website: <https://pcf.bank/media/1749/pcf-ara-2020.pdf>
(Co Reg No 02863246) // Registered office address: Pinners Hall, 105-108 Old Broad Street, London, EC2N 1ER

Schedule - Ernst & Young LLP's (EY) section 519 Companies Act 2006 statement of matters connected with its ceasing to hold office that it considers need to be brought to the attention of members or creditors of the company.

"On 2 March 2021, we verbally informed the Board of Directors of our intention to resign following the completion of the 30 September 2020 audit.

At that time, we had concluded that we would be resigning due to our audit work identifying significant deficiencies in internal control and corporate governance, which had led to material adjustments being identified as a result of our audit procedures. These adjustments included material errors in the unaudited preliminary results published on 9 December 2020.

Furthermore, in our audit report dated 22 December 2021², we state that as a result of enquiries raised by us during our audit of the financial statements, the Group's new Chief Financial Officer identified certain accounting errors and misstatements that led to the Company engaging a third-party accounting firm to undertake an independent forensic investigation into those errors and misstatements. Following this, the Group Chief Financial Officer and Finance Function undertook its own further analysis and reconciliation procedures.

The independent forensic investigation identified certain manual adjustments made by the Group for internal management, financial and regulatory reporting purposes. We concluded that certain of these matters were indicators of fraud.

Given the potential wider consequences of this on our audit, we sought to extend our procedures and presented a plan to the Audit Committee in July 2021. We were unable to complete our audit for the following reasons:

- Management was unable to provide sufficient and appropriate audit evidence in response to our extended testing requests.*
- The Board of Directors resolved in July 2021 that management should only continue to provide us with the information necessary for us to issue a disclaimer of opinion on these financial statements.*

For the same reasons as set out above, we were also unable to complete audit procedures over reclassifications as described in note 1.9 to the financial statements³."

² Being the Auditor's Report to the Report and Financial Statements for the year ended 30 September 2020

³ Being the Report and Financial Statements for the year ended 30 September 2020