

8 August 2022

Dear Shareholder

Appointment of new auditor and statement from outgoing auditor

As noted in today's RNS we are pleased to announce the appointment of Deloitte LLP ("Deloitte") 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, as detailed in our 2021 Annual Report, which took place in June. KPMG LLP ("KPMG"), which has been the Group's auditor for the last six years, did not participate in this tender process.

As required under s519 of the Companies Act 2006, KPMG has submitted a statement outlining the reason for its resignation which, as required under s520 of the Companies Act 2006, will be sent to all shareholders in the next few days, and is attached below.

The Board believes it would be helpful to shareholders to provide further context to KPMG's statement, which cites corporate governance concerns relating to the preparation of the Group's financial statements for the year ended 31 December 2021, notwithstanding the fact that the audit opinion in the 31 December 2021 financial statements was unqualified and did not disclose either any corporate governance concerns or any material errors in the financial statements.

The Board understands that KPMG's statement refers to the process by which the Committee, and subsequently the Board, approved the accounting treatment in respect of the Competition and Markets Authority ("CMA") finding and the proposed fine of £7.9m, which was communicated to shareholders on 3 February 2022. As noted in our preliminary results release, dated 22 March 2022, and subsequently in our 2021 Annual Report published on 30 March 2022, Alliance provided in full for the proposed CMA fine despite continuing to believe that it has strong grounds for a successful appeal, which has since been filed. This approach required careful consideration, which included obtaining external legal advice and reviewing relevant accounting guidance in order to conclude on the appropriate accounting treatment and disclosure in the 2021 financial statements in full agreement with KPMG.

The Committee and the Board strongly believe that the corporate governance process which was followed to finalise the 2021 financial statements was robust, challenging and appropriate.

We look forward to working with Deloitte as our new auditor, and to the publication of our next audited report to shareholders in early 2023.

Yours faithfully



Richard Jones

Chair of the Audit and Risk Committee



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Private & confidential

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Your ref

Our ref HB/AP21/s519

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5 August 2022

Dear Sirs

Statement to Alliance Pharma no. (04241478) on ceasing to hold office as auditors pursuant to section 519 of the Companies Act 2006

The reason connected with our ceasing to hold office relate to concerns expressed to the Board with regard to the aspects of company's approach to corporate governance relating to the preparation of the financial statements, which has ultimately resulted in a breakdown in our relationship.

Yours faithfully,

KPMG LLP