

Premium Credit Tax Strategy Statement

Issued: 01 July 2022

Premium Credit Limited (PCL), the Group's principal trading subsidiary, provides instalment finance and payments services to over three million customers in the UK and Ireland via our network of intermediaries. Strong corporate governance is critical to maintaining stakeholders' confidence and as such the Group is committed to complying with UK tax law and practice. Our overarching aim is to minimise any regulatory risk within our business, which includes taking a low-risk approach to tax risk. We aim to ensure that our tax arrangements remain consistent with a low-risk appetite, both in financial and reputational terms. We are committed to full compliance with our tax obligations.

Tax risk management and governance

Responsibility for the tax strategy, the supporting governance framework and management of tax risk ultimately sits with the UK Board and the Chief Financial Officer and is overseen by the Audit Committee.

The key risks and controls for PCL in the UK are highlighted below:

Tax compliance and reporting risks: As with all businesses, PCL has the risk of submission of late or inaccurate returns. In order to mitigate this risk, PCL have implemented robust internal controls and use external tax advisors to advise on or prepare the UK tax filings.

Transaction risks: The risk of transactions carried out or actions taken without appropriate consideration of the potential tax consequences. A detailed risk assessment is undertaken for all material business changes (i.e., business change, new products). As part of this assessment, tax risk is assessed by external tax advisors to ensure all tax risks are assessed.

Legislative change risk: Legislative tax changes pose risk to our business and to ensure this risk is mitigated, we receive regular updates from our tax advisors and attend industry seminars. Our tax advisors are then engaged where necessary.

Tax risk appetite

PCL has a low-risk appetite for all business risks, including tax. As such, PCL is committed to ensuring it complies with not only the letter of the law, but also the intention of parliament, whilst maintaining value for its shareholders. This is achieved through segregated responsibilities within the businesses for tax compliance and liaising with a third party recognised tax expert.

Our approach towards tax planning

PCL aims to be efficient with tax planning, including taking advantage of any government tax incentives, such as R&D Expense Credits, in order to maximise value on a sustainable basis for the Group and its shareholders. However, any structuring that is undertaken must have commercial and economic substance, and PCL does not put in place any arrangements that are contrived or artificial. Where planning is undertaken, we consult external tax advisors to ensure that the tax technical interpretation is fully aligned to our risk appetite.

Relationship with HMRC

In the spirit of cooperative compliance, PCL engage with HMRC in an open and transparent manner. We do not take positions on tax that may create reputational risk and seek to resolve any issues with HMRC through proactive discussion wherever possible.

- We consider that the above statement complies with PCL's obligation under para 16(2) and para 25 (1), Sch 19 Finance Act 2016 for the year ended 31 December 2022.
- Note: This statement applies to all UK incorporated companies, including the principal trading subsidiary Premium Credit Limited, which is based in Leatherhead, UK and is a UK registered and domiciled company. All employees are employed by Premium Credit Limited. Under the HMRC guidance, the above statement does not apply to the securitisation SPV's, Mizzen Bondco Limited (Cayman Islands) or Pomegranate Holdings Limited and Pomegranate Topco Limited (Jersey).