Condensed Consolidated Interim Financial Statements (Unaudited)

Mizzen Mezzco Limited

Quarter ended 31 March 2019

Premium Credit is the No.1 Insurance Financing Company in the UK and Ireland

Mizzen Mezzco Limited

Registered Number: 08179245

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Financial Results

Tom Woolgrove, Chief Executive, commenting on the results said:

"I am pleased to see a continued improvement in the Group's financial trajectory, which builds upon the run rate improvements achieved in the final quarter of 2018. Further Net Advances growth and a year over year improvement in EBITDA have been delivered through a robust performance from our core Insurance Premium Finance business, together with a strengthening credit position.

We have continued investing in our operational stability, providing a resilient and secure IT service whilst also delivering significant change in a number of other areas.

Client focus remains at the forefront of our strategy, with our ongoing investments being focused on delivering digital sales processes, streamlined customer journeys and improved efficiency for our intermediaries."

Results for the quarter ended 31 March 2019

Financial Data **(£ in millions, except percentages and ratios)**	**Quarter ended 31 March 2019 (unaudited)**	**Quarter ended 31 March 2018 (unaudited)**	**Increase/ (Decrease)**
Net Advances[a]	818.4	796.9	21.5
Turnover	31.0	30.1	0.9
EBITDA	16.6	14.7	1.9
Adjusted EBITDA[b]	20.7	17.4	3.3
Adjusted EBITDA Margin[b]	66.8%	57.8%	9.0%
Adjusted Post-Securitisation EBITDA[c]	16.9	14.1	2.8
Adjusted Post-Securitisation EBITDA Margin[c]	54.5%	46.8%	7.7%
Cash Conversion[d]	98.8%	87.9%	10.9%
Profit before tax	4.3	4.4	(0.1)

a. Net advances measures the total value of loans initiated, net of cancellations and mid-term adjustments.

b. Adjusted EBITDA represents EBITDA as adjusted for certain transaction costs, one-time information technology, cyber incident related costs and other expenses. Adjusted EBITDA margin represents Adjusted EBITDA margin as a % of Turnover.

c. Adjusted Post-Securitisation EBITDA is further adjusted for funding costs. Adjusted Post-Securitisation EBITDA margin represents Adjusted Post-Securitisation EBITDA as a % of Turnover.

d. Cash conversion represents Free Cash flow as a % of Adjusted Post-Securitisation EBITDA; Free Cash flow represents Adjusted Post-Securitisation EBITDA less Capex.

Note: Full reconciliation of GAAP and non-GAAP measures is presented on page 10.

Results for the quarter ended 31 March 2019

- Net advances for the quarter ended 31 March 2019 were £818.4 million, 2.7% higher than the same quarter last year (quarter ended 31 March 2018: £796.9 million). This was achieved through growth from both existing and new intermediary relationships.
- The Group's EBITDA increased by £1.9 million, or 10.8% to £16.6 million in the quarter ended 31 March 2019 (quarter ended 31 March 2018: £14.7 million). The key elements of this were:
  - An increase in turnover of £0.9 million, or 3.0%, to £31.0 million for the quarter ended 31 March 2019 (quarter ended 31 March 2018: £30.1 million). This is as a result of higher net advances and the implementation of several margin enhancing initiatives, including the pass through of higher funding costs and an increase in levels of cost recovery.
  - A decrease in net credit losses of £2.6 million or 102.6% to (£0.1) million (quarter ended 31 March 2018: £2.4 million). This is as a result of an upturn in the quality of the Group's assets, leading to both a provision release and lower net write offs. This improvement in asset quality compared favourably to the wider market, which saw corporate insolvencies increase to their highest level since the first quarter of 2014.

Financial Results (continued)

- Due to the business' continued investments in its client interfaces we saw an increase in one-off IT and other non-operating expenditure of £1.2 million to £3.8 million for the quarter ended 31 March 2019 (quarter ended 31 March 2018: £2.6 million).
- The non-repeated release of an expense provision from the prior year has led to an increase in operating expenditure of £0.4 million to £10.5 million or 4.0% for the quarter ended 31 March 2019 (quarter ended 31 March 2018: £10.1 million).

- The Group's Adjusted EBITDA of £20.7 million increased by £3.3 million for the quarter ended 31 March 2019 (quarter ended 31 March 2018: £17.4 million) as a result of the £2.7 million reduction in credit losses and the increase in turnover of £0.9 million; offset by higher operating expenses of £0.4 million.
- The Adjusted Post-Securitisation EBITDA of the Group increased by £2.8 million for the quarter ended 31 March 2019 or 19.9% to £16.9 million (quarter ended 31 March 2018: £14.1 million). The reduction in favourability of £0.5 million on the above mentioned Adjusted EBITDA being due to increases in securitisation interest costs of £0.5 million for quarter ended 31 March 2019 to £3.8 million (quarter ended 31 March 2018: £3.3 million) as a result of the upward movement in funding rates following the base rate rise in August 2018.
- Cash conversion for the quarter ended 31 March 2019 was 98.8%. This was an increase of 10.9% over the prior period, as the Group's free cash flow increased by £4.2 million due to an increase in Adjusted Post -Securitisation EBITDA of £2.8 million and £1.5 million lower capital project expenditure versus quarter ended 31 March 2018.
- Profit before taxation for the quarter ended 31 March 2019 was £4.3 million, 2.3% lower than quarter ended 31 March 2018 of £4.4 million, due in the main to increased administrative expenses.

Use of Non-IFRS Financial Measures

Turnover

Turnover represents interest income, net fee and commission income. Turnover is not specifically defined under, or presented in accordance with, International Financial Reporting Standard (IFRS) or any other generally accepted accounting principles and you should not consider it as an alternative to total income for the period or any other performance measures derived in accordance with IFRS.

EBITDA

EBITDA-based measures are non-IFRS measures. The Group uses EBITDA-based measures as internal measures of performance to benchmark and compare performance, both between its own operations and against other companies. EBITDA-based measures are measures used by the Group, together with measures of performance under IFRS, to compare the relative performance of operations in planning, budgeting and reviewing the performances of various businesses. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortisation methods, financing and capital structures, taxation positions or regimes and exceptional items, the Group believes EBITDA-based measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, the Group believes EBITDA-based measures and similar measures are regularly used by the investment community as a means of comparison of companies in the Group's industry.

EBITDA represents profit for the period before taxation, interest payable and similar charges, depreciation and amortisation, goodwill amortisation and amortisation of Securitisation Programme refinancing fees. EBITDA is not specifically defined under, or presented in accordance with, IFRS or any other generally accepted accounting principles and you should not consider it as an alternative to profit for the period or any other performance measures derived in accordance with IFRS.

Other

In addition to EBITDA-based measures, the Group has included other non-IFRS financial measures in this report, some of which the Group refers to as "key performance indicators". The Group believes that it is useful to include these non-IFRS measures as they are used by the Group for internal performance analysis and the presentation by its business divisions of these measures facilitates comparability with other companies in the Group's industry, although the Group's measures may not be comparable with similar measurements presented by other companies. These other non-IFRS measures should not be considered in isolation or construed as a substitute for IFRS measures.

Net debt (excluding securitisation) represents total corporate borrowings less cash on the balance sheet (excluding cash held by the Securitisation Programme).

Cash interest expense (excluding securitisation) represents cash interest expense excluding interest payable to the SPV under the Securitisation Programme. Cash interest expense (excluding securitisation), has been presented for illustrative purposes only and does not purport to represent what our interest expense would have been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any period or our financial condition at any future date.

Management Discussion and Analysis – Business Review

Notice

These accounts have been prepared at the level of Mizzen Mezzco Limited.

Principal Activities

We are the leading independent provider of insurance premium and other service fees financing in the UK and Ireland. For the quarter ended 31 March 2019, the Company had 0.53 million new or renewed business customers and achieved net advances of £818.4 million, processing over 6.16 million direct debits.

The Company's principal objective is to provide efficient, profitable and valued payment and funding solutions to its customers and partners, supported by a stable and consistent service. The Company aims to achieve sustainable organic growth through improving integration, improving customer journeys, offering new products and utilising new technologies, deepening its intermediary relationships, increasing penetration of finance and developing opportunities in new markets.

Our results are largely driven by the size of our advances portfolio, the margin between the interest rate at which we make our advances and our cost of borrowing the funds for our advances, our ability to collect amounts due under the advances we make, and, to a lesser extent, our administrative and overhead costs. Our loss rates have historically been low and generally have not had a significant impact on our results. The size of our advances portfolio is primarily driven by our relationships with intermediaries, finance penetration and renewal rates, competition in the insurance premium and service fees market in which we operate, demand for insurance and other services, and the availability of funds for the advances.

Leadership

Jill Tenant, HR Director, will be leaving Premium Credit on 24 May 2019; replacing her will be Josie Pileio. We would like to thank Jill for her significant contribution to Premium Credit and welcome Josie to the Executive team.

Funding

There have been no changes in the Group's funding arrangements this quarter.

Risks

A full description of the principal risks facing the business, together with how they are managed, are set out in our Annual Report and Financial Statements for the year ended 31 December 2018.

The Company continues to monitor the uncertainty around Brexit and at this stage we do not expect this to have a material impact on the business.

Regulatory Landscape

We continue to be regulated by both the FCA (in the UK) and the Central Bank of Ireland (in Ireland). We continue to invest resources to ensure the business is conducted in compliance with the principles and spirit of the regulatory environments within which PCL operates.

Technology

Our ongoing investment in technology is focused on delivering digital sales processes and streamlined customer journeys, enabling all our intermediaries to consistently present finance options at the point of sale; irrespective of channel, with the aim of acquiring and retaining more customers, whilst meeting regulatory and compliance expectations. To provide improved efficiency for our intermediaries we have continued to improve our integrations and associated services, as well as improving our digital applications and portals for customers to self-serve.

Our focus has been on providing a resilient, secure and highly available IT service, whilst also delivering significant change.

Management Discussion and Analysis – Financial Review

Key Performance Indicators

The table below shows the Group's other key financial metrics for the quarter ended 31 March 2019 and quarter ended 31 March 2018:

(in millions)	Quarter ended 31 March 2019	Quarter ended 31 March 2018	Increase / (Decrease)
Net Advances[(a)]	£818.4	£796.9	£21.5
Number of non-cancelled Agreements[(b)]	0.53	0.53	-
Number of direct debits processed[(c)]	6.16	6.42	(0.26)

(a) Net advances measures the total value of loans initiated, net of cancellations and mid- term adjustments.
(b) Consists of new or renewed loan agreements which are expected to complete to term.
(c) Represents the number of direct debit transactions that we processed during the period on all live agreements.

Other Financial Data

The table below shows the Group's other financial data for the 12 month period ended 31 March 2019 and 31 March 2018:

(£ in millions, except percentages and ratios)	Period ended 31 March 2019 (unaudited)	Period ended 31 March 2018 (unaudited)	Increase / (Decrease)
Adjusted Post-Securitisation EBITDA (last 12 months)	63.4	69.0	(5.6)
Gross debt	189.4	189.4	-
Net debt [(a)]	146.0	134.4	11.6
Cash interest expense (excluding securitisation)	13.3	13.3	-
Ratio of gross debt to Adjusted Post-Securitisation EBITDA	3.0x	2.7x	0.3x
Ratio of net debt to Adjusted Post-Securitisation EBITDA	2.3x	1.9x	0.4x
Ratio of Adjusted Post-Securitisation EBITDA to cash interest expense (excluding securitisation)	4.8x	5.2x	(0.4x)

a. Net debt (excluding securitisation) represents gross debt less cash & cash equivalents as of the last day of the period.

Net Debt

- Net debt (excluding securitisation) of £146.0 million represents total corporate borrowings (Senior Notes) of £189.4 million, less £43.4 million of Cash and Cash equivalents as of 31 March 2019 (2018: £55.0 million of Cash and Cash equivalents). This shows a net debt increase of £11.6 million, against £134.4 million as of 31 March 2018, due to Cash and Cash equivalents decreasing by £11.6 million.
- Cash interest expense (excluding securitisation) represents cash interest expense of the Group, excluding interest payable under the Group's Securitisation Programme. Cash interest expense (excluding securitisation) for the period ended 31 March 2019 was £13.3 million being the interest payable on the Group's Senior Notes.

Management Discussion and Analysis – Financial Review (continued)

Reconciliation of Profit before Taxation to Adjusted Post-Securitisation EBITDA

The following table reconciles profit for the period to EBITDA, to Adjusted EBITDA and to Adjusted Post-Securitisation EBITDA for the quarter ended 31 March 2019 and quarter ended 31 March 2018:

(£ in millions)	Quarter ended 31 March 2019 (unaudited)	Quarter ended 31 March 2018 (unaudited)	Increase / (Decrease)
Profit for the period before taxation	**4.3**	**4.4**	**(0.1)**
Interest payable and similar charges[(a)]	8.4	7.8	0.6
Depreciation and amortisation	1.8	1.6	0.2
Financing fees	0.2	0.2	-
Currency (gain)/loss	1.9	0.7	1.2
Loss on Disposal of Fixed Assets	-	-	-
EBITDA	**16.6**	**14.7**	**1.9**
Transaction costs[(b)]	0.1	0.1	-
One-time information technology and other expenses[(c)]	3.8	2.6	1.2
Cyber Incident related costs[(d)]	0.2	-	0.2
Adjusted EBITDA	**20.7**	**17.4**	**3.3**
Securitisation interest expense[(e)]	(3.8)	(3.3)	(0.5)
Adjusted Post-Securitisation EBITDA	**16.9**	**14.1**	**2.8**

a. Includes amortisation of financing costs of £0.9 million with respect to the Securitisation Facility and £0.3m with respect to Bond financing cost for the quarter ended 31 March 2019, whereas the quarter ended 31 March 2018 includes £0.8 million with respect to the Securitisation Facility and £0.3m again with respect to Bond financing cost.
b. Represents costs relating to sponsor expenses.
c. Represents one-time and IT project change costs.
d. Represents total costs incurred in relation to cyber incident.
e. Represents interest expense payable to the SPV under the Securitisation Facility and is presented on an actual basis.

An insurance claim in relation to costs incurred from the Cyber incident in September 2018 is in its initial phase. The expected recovery from the cyber insurance policy cannot be reliably measured at the date of approval of financial statements and therefore has not been recognised.

Consolidated Income Statement

(£ in millions)	Quarter ended 31 March 2019 (unaudited)	Quarter ended 31 March 2018 (unaudited)	Increase / (Decrease)
Group Turnover	**31.0**	**30.1**	**0.9**
Administrative expenses	(18.3)	(17.9)	(0.4)
Group Operating profit/(loss)	**12.7**	**12.2**	**0.5**
Interest payable and similar charges[(a)]	(8.4)	(7.8)	(0.6)
Profit on ordinary activities before taxation	**4.3**	**4.4**	**(0.1)**
Tax on profit on ordinary activities	(0.6)	(0.6)	-
Profit for the year after taxation	**3.8**	**3.8**	**-**

a. Includes amortisation of financing costs of £0.9 million with respect to the Securitisation Facility and £0.3m with respect to Bond financing cost for the quarter ended 31 March 2019, whereas the quarter ended 31 March 2018 includes £0.8 million with respect to the Securitisation Facility and £0.3m again with respect to Bond financing cost.

Consolidated Balance Sheet

(£ in millions)	Notes	As at 31 March 2019 (unaudited)	As at 31 March 2018 (unaudited)	Increase / (Decrease)
Non-current assets				
Intangible assets	1	11.5	12.0	(0.5)
Tangible assets	2	3.5	4.3	(0.8)
Right-of-use assets	3	6.5	-	6.5
Non-current debtors	4	4.8	6.0	(1.2)
Deferred tax		0.4	0.2	0.2
Total non-current assets		**26.7**	**22.5**	**4.2**
Current assets				
Current debtors	4	1,401.4	1,384.1	17.3
Cash and cash equivalents	5	69.3	79.8	(10.5)
Total current assets		**1470.7**	**1,463.9**	**6.8**
Total assets		**1,497.4**	**1,486.4**	**11.0**
Non-current liabilities				
Lease obligations	6	5.8	-	5.8
Borrowings	7	1,097.6	1,055.0	42.6
Total non-current liabilities		**1,103.4**	**1,055.0**	**48.4**
Current liabilities				
Trade and other payables	8	482.9	487.2	(4.3)
Lease obligations	6	0.7	-	0.7
Total current liabilities		**483.6**	**487.2**	**(3.6)**
Total liabilities		**1,587.0**	**1,542.2**	**44.8**
Capital & Reserves				
Share capital		44.5	44.5	-
Reserves		(134.1)	(100.3)	33.8
Total shareholders' equity		**(89.6)**	**(55.8)**	**33.8**
Total liabilities and equity		**1,497.4**	**1,486.4**	**11.0**

1. Intangible Assets

Intangible assets primarily relate to internally generated software costs, down £0.5 million from 31 March 2018, representing new assets under construction offset by amortisation. Intangible assets reflect investment in our infrastructure to improve customer journeys and enhance the quality of information available to the business. As at 31 March 2019 none of internally generated software was impaired.

2. Tangible Assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. All tangible fixed assets are depreciated on a straight-line basis by reference to their estimated useful life, driving the £0.8 million decrease on the 31 March 2018 value.

Consolidated Balance Sheet (continued)

3. Right-of-use assets

As of 1 January 2019, the group has adopted IFRS 16 *Leases*. Operating leases for premises and vehicles of £6.9 million were recognised on the balance sheet and are depreciated over their useful life. A corresponding liability for the present value of future rent payments has been recognised in liabilities. The balance at 31 March 2019 of £6.5 million largely represents the capitalised cost of the Groups operating premises in Leatherhead.

4. Debtors

Debtors consist of trade debtors after deduction of provision for irrecoverable debts and unearned income. The debtor balance as at 31 March 2019 was £1,401.4 million (31 March 2018: £1,384.2 million) of which loans and advances to customers net of allowance for impairment was £1,389.6 million (31 March 2018: £ 1,373.2 million) and Prepayments and other assets were £11.8 million (31 March 2018: £11.0 million). The increase in debtors is primarily due to the increase in loans and advances to customers which has been driven by the increase in Net Advances.

5. Cash at bank and in hand

Cash at bank and in hand of £69.3 million comprise cash from the Securitisation Programme (encumbered) of £25.9 million and cash held directly by Premium Credit Ltd (unencumbered) of £43.4 million as at 31 March 2019 (£79.8 million as at 31 March 2018, comprised of cash held by the Securitisation Programme of £24.8 million and cash held by Premium Credit Ltd of £55.0 million).

6. Lease obligations

Current and non-current lease obligations reflect the liability component upon the application of IFRS 16 *Leases* on 1 January 2019 (£6.9 million). The balance at 31 March 2019 of £6.5 million largely represents the Groups operating premises in Leatherhead, with a corresponding recognition of the right-to-use the premises being reflected in assets.

7. Borrowings

Borrowings consist of a Securitisation Programme of £911.2 million (net of £3.6 million of set up costs) and Senior Notes of £189.4 million as at 31 March 2019 (these are stated at £186.4 million after netting the unamortised bond set up costs of £3.0 million). The increase of £42.6 million is driven by a higher advance rate on the Securitisation programme and increased in loans and advances to customers.

The Securitisation Programme comprises £519.0 million of private facilities and £565.5 million of public asset backed securities. As at 31 March 2019, £914.8 million was drawn down on this programme (2018: £874.9 million).

8. Trade and other payables

Trade and other payables of £482.9 million as of 31 March 2019 were down £4.3 million (31 March 2018: £487.2 million). Of these trade creditors were £463.2 million at 31 March 2019 (31 March 2018: £465.5 million). Trade creditors relate primarily to premiums and commission payable to intermediaries.

Consolidated Cash Flow Statement

(£ in millions)	Quarter ended 31 March 2019 (unaudited)	Quarter ended 31 March 2018 (unaudited)	Increase / (decrease)
Net cash inflow/(outflow) from operating activities………………………………………….	67.1	110.0	(42.9)
Net cash (outflow)/inflow from investing activities………...…………...…………………….	(0.2)	(1.7)	1.5
Net cash inflow before financing……………………………………………………………	**66.9**	**108.3**	**(41.4)**
Net cash (outflow)/inflow from financing activities……………………………………………	(63.4)	(130.3)	66.9
Effects of foreign exchange…………………………………………………………………….	(0.4)	(0.2)	(0.2)
Increase/(decrease) in cash……………………………………………………………....	**3.1**	**(22.2)**	**25.3**

Cash inflow from operating activities

Cash inflow from operating activities for the quarter ended 31 March 2019 was £67.1 million (quarter ended 31 March 2018: inflow of £110.0 million), with net cash inflow decreasing by £42.9 million compared to the prior period. This is mainly driven by a lower net movement in operating assets and liabilities compared to prior period largely due to a decrease in net movements in loans and advances and other receivables (£31.8 million), lower movements in net creditors and other payables (£7.0 million) and a reduction in the impairment provision (£2.7 million). The decline in net movement in loans and advances is primarily related to higher net advances written in the current period compared to prior period by £21.5 million.

Cash (outflow) from investing activities

Cash outflow from investing activities for the quarter ended 31 March 2019 was at £0.2 million, which is £1.5 million lower than the quarter ended 31 March 2018. The outflow in both periods represents capital spending with higher investment in IT infrastructure in the prior period.

Cash (outflow) from financing activities

Cash outflow from financing activities decreased by £66.9 million, with a higher repayment of borrowings in the prior period.

Mizzen Mezzco Limited

Report and Financial Statements

(Unaudited)

Quarter ended 31 March 2019

Registered number - 08179245

Consolidated Financial Statements

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Consolidated income statement

	Note	Quarter ended 31 March 2019 (unaudited) £'000	Quarter ended 31 March 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Interest income		28,113	27,035	112,891
Interest expense		(4,661)	(4,108)	(18,968)
Net interest income	5	**23,452**	**22,927**	**93,923**
Fee and commission income		4,137	3,631	14,973
Fee and commission expense		(1,239)	(592)	(4,067)
Total income		**26,350**	**25,966**	**104,829**
Administrative expenses	6	(18,269)	(17,862)	(71,547)
Operating profit before taxation		**8,081**	**8,104**	**33,282**
Financing income	7	2	2	8
Financing expense	8	(3,745)	(3,663)	(14,654)
Profit before taxation		**4,338**	**4,443**	**18,636**
Income tax credit/(expense)	9	**(584)**	(586)	(1,732)
Profit after taxation for the period		**3,754**	**3,857**	**16,904**

Consolidated statement of comprehensive income

	Quarter ended 31 March 2019 (unaudited) £'000	Quarter ended 31 March 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Profit after tax for the period	**3,754**	**3,857**	**16,904**
Other comprehensive income			
Items that may subsequently be reclassified to the profit or loss:			
Foreign currency translation (loss)/gain	(1,132)	(294)	379
Other comprehensive (expense)/income for the period	**(1,132)**	**(294)**	**379**
Total comprehensive income for the period	**2,622**	**3,563**	**17,283**

Consolidated balance sheet

	Note	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Assets				
Non-current assets				
Intangible assets	10	11,501	11,982	12,649
Property, plant and equipment	11	3,494	4,262	3,766
Right-of-use assets	12	6,453	-	-
Loans and advances to customers	13	3,418	3,329	3,129
Prepayments and other assets		1,440	2,717	1,686
Deferred tax asset		424	236	424
Total non-current assets		**26,730**	**22,526**	**21,654**
Current assets				
Loans and advances to customers	13	1,389,629	1,373,159	1,397,547
Prepayments and other assets		11,059	8,919	10,988
Corporation tax receivable		701	2,106	1,437
Cash and cash equivalents	14	69,294	79,770	66,149
Total current assets		**1,470,683**	**1,463,954**	**1,476,121**
Total assets		**1,497,413**	**1,486,480**	**1,497,775**
Liabilities				
Non-current liabilities				
Lease obligations		5,812	-	-
Borrowings	15	1,097,599	1,055,036	1,159,874
Total non-current liabilities		**1,103,411**	**1,055,036**	**1,159,874**
Current liabilities				
Lease obligations		677	-	-
Trade and other payables		482,866	487,224	430,064
Total current liabilities		**483,543**	**487,224**	**430,064**
Total liabilities		**1,586,954**	**1,542,260**	**1,589,938**
Equity				
Called up share capital	16	44,502	44,502	44,502
Retained earnings		(135,425)	(102,123)	(139,179)
Other reserves		1,382	1,841	2,514
Total shareholders' equity		**(89,541)**	**(55,780)**	**(92,163)**
Total liabilities and equity		**1,497,413**	**1,486,480**	**1,497,775**

Consolidated statement of changes in equity

	Share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
At 1 January 2018 - audited	**44,502**	**(105,980)**	**2,135**	**(59,343)**
Profit for the period	-	3,857	-	**3,857**
Foreign currency translation gain	-	-	(294)	**(294)**
Total comprehensive income for the period	**-**	**3,857**	**(294)**	**3,563**
At 31 March 2018 - unaudited	**44,502**	**(102,123)**	**1,841**	**(55,780)**
Profit for the period	-	12,944	-	**12,944**
Foreign currency translation gain	-	-	673	**673**
Total comprehensive income for the period	**-**	**12,944**	**673**	**13,617**
Transactions with owners				
Dividends paid	**-**	(50,000)	**-**	**(50,000)**
At 31 December 2018 - audited	**44,502**	**(139,179)**	**2,514**	**(92,163)**
Profit for the period	-	3,754	-	**3,754**
Foreign currency translation gain	-	-	(1,132)	**(1,132)**
Total comprehensive income for the period	**-**	**3,754**	**(1,132)**	**2,622**
Transactions with owners				
Dividends paid	**-**	-	**-**	**-**
At 31 March 2019 - unaudited	**44,502**	**(135,425)**	**1,382**	**(89,541)**

Consolidated cash flow statement

	Note	Quarter ended 31 March 2019 (unaudited) £'000	Quarter ended 31 March 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Operating activities				
Cash generated by operations	19	74,441	117,845	81,404
Interest paid		(7,492)	(6,878)	(29,128)
Income taxes refund/(paid)		147	(1,001)	(1,564)
Cash flows generated from operating activities		**67,096**	**109,966**	**50,712**
Cash flows used in investing activities				
Purchase of intangible fixed assets		(152)	(1,622)	(6,911)
Purchase of property, plant and equipment		(13)	(123)	(513)
Proceeds from disposal of plant and equipment		-	4	-
Net cash used in investing activities		**(165)**	**(1,741)**	**(7,424)**
Cash flows from financing activities				
(Decrease)/Increase in borrowings		(63,359)	(130,319)	(27,366)
Facility fees paid		-	(2)	(2,135)
Dividends paid to shareholders		-	-	(50,000)
Net cash flows (used)/generated (in)/from financing activities		**(63,359)**	**(130,321)**	**(79,501)**
Net increase in cash and cash equivalents		**3,572**	**(22,096)**	(36,213)
Cash and cash equivalents at beginning of period		66,149	102,097	102,097
Foreign currency translation (loss)/gain		(427)	(231)	265
Cash and cash equivalents at end of period	14	**69,294**	**79,770**	**66,149**

Selected notes to the condensed interim financial statements

1. General information

The condensed financial statements for the quarter ended 31 March 2019 and for the quarter ended 31 March 2018 have not been audited, as defined in section 434 of the Companies Act 2006.

Mizzen Mezzco Limited ("the Company") and its subsidiaries (together "the Group") is a financial services group specialising in funding and payment processing solutions. The Company is incorporated and domiciled in the UK. The Group has a branch in Ireland.

2. Accounting policies

These condensed interim financial statements were approved for issue by the board of directors on 22 May 2019. These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Annual Report and Accounts for the year ended 31 December 2018 were approved by the board of directors of the Group on 30 April 2019. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The directors have considered all new, revised or amended standards and interpretations which are mandatory for the first time for the year ending 31 December 2018, and concluded that none have any significant impact on these condensed interim financial statements.

The Group adopted IFRS 16 *Leases* on 1 January 2019 and brought its operating leases at 31 December 2018 onto the balance sheet through the recognition of the contractual 'right-of-use (ROU) assets' and corresponding 'lease obligations'. This has resulted in an increase of £6.9 million in assets and liabilities individually with no net change in net assets overall. The movement in ROU asset is shown on note 12. On the income statement the operating lease rental charges are replaced by depreciation on ROU assets and finance charges on lease obligations. The impact of this in the quarter is immaterial.

New, revised or amended standards and interpretations that are not yet effective have not been early adopted.

3. Going concern basis

The Group's securitisation programme provides access, through a Master Trust, to both private and public asset-backed security (ABS) funding. The Master Trust also benefits from a separate excess concentration facility, which provides funding for excess concentrations driven by external events (notably mergers of producers), allowing the Group to obtain funding for assets brokered by a newly combined producer entity whilst modifications are made to the existing funding lines. This diversified funding base lowers the Group's liquidity risk. Term asset backed notes were issued in June 2017 (with a reinvestment period end date of June 2020 and a final maturity date of June 2022) and November 2017 (with a reinvestment period end date of June 2021 and a final maturity date of June 2023). In June 2018, the business extended the term of the reinvestment period for its private facility to June 2021.

Accordingly, the Directors have assessed the Group's cash flow forecasts and are satisfied that the Group has adequate resources to continue operations for the foreseeable future and thus the financial statements have been prepared on a going concern basis.

4. Critical accounting estimates and judgments in applying accounting policies

The preparation of condensed interim financial statements require management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2018. These were assessed in the Annual Report and Financial Statements 2018 and summarised as:

(a) Loan impairment provisions
(b) Effective interest rate
(c) Development costs
(d) Impairment of assets
(e) Impairment of investment in subsidiaries
(f) Fair values estimation for financial instruments
(g) Other provisions

5. Net interest income

	Quarter ended 31 March 2019 (unaudited) £'000	**Quarter ended 31 March 2018 (unaudited) £'000**	**Year ended 31 December 2018 (audited) £'000**
Interest income on loans and advances to customers	**28,113**	**27,035**	**112,891**
Interest payable on:			
Securitisation loan notes	(4,661)	(4,108)	(18,968)
Interest expense	**(4,661)**	**(4,108)**	**(18,968)**
Net interest income	**23,452**	**22,927**	**93,923**

6. Administration Expenses

An insurance claim in relation to costs incurred from the Cyber incident in September 2018 is in its initial phase. The expected recovery from the cyber insurance policy cannot be reliably measured at the date of approval of financial statements and therefore has not been recognised.

7. Financing income

	Quarter ended 31 March 2019 (unaudited) £'000	**Quarter ended 31 March 2018 (unaudited) £'000**	**Year ended 31 December 2018 (audited) £'000**
Interest income from Group undertakings	2	2	8
Financing income	**2**	**2**	**8**

8. Financing expense

	Quarter ended 31 March 2019 (unaudited) £'000	Quarter ended 31 March 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Interest on lease obligations	82	-	-
Interest payable on Senior loan notes	3,663	3,663	14,654
Financing expense	**3,745**	**3,663**	**14,654**

9. Taxation

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the quarter ended 31 March 2019 is 13.2% (the estimated tax rate for the quarter ended 31 March 2018 was 13.2%).

10. Intangible assets

	Assets under construction £'000	Software £'000	Total £'000
Cost			
At 31 December 2017 - audited	**1,481**	**17,058**	**18,539**
Additions	1,598	24	**1,622**
At 31 March 2018 - unaudited	**3,079**	**17,082**	**20,161**
Additions	4,458	831	**5,289**
Disposals	(635)	(385)	**(1,020)**
Transfers	(816)	816	**-**
At 31 December 2018 - audited	**6,086**	**18,344**	**24,430**
Additions	152	-	**152**
At 31 March 2019- unaudited	**6,238**	**18,344**	**24,582**
Accumulated amortisation			
At 31 December 2017 - audited	**-**	**6,878**	**6,878**
Charge for the period	-	1,301	**1,301**
At 31 March 2018 - unaudited	**-**	**8,179**	**8,179**
Charge for the period	-	3,979	**3,979**
Transfer	-	(377)	(377)
At 31 December 2018 - audited	**-**	**11,781**	**11,781**
Charge for the period	-	1,300	**1,300**
Transfer	-	-	-
At 31 March 2019 - unaudited	**-**	**13,081**	**13,081**
Net book value			
At 31 December 2017 - audited	**1,481**	**10,180**	**11,661**
At 31 March 2018 - unaudited	**3,079**	**8,903**	**11,982**
At 31 December 2018 - audited	**6,086**	**6,563**	**12,649**
At 31 March 2019 - unaudited	**6,238**	**5,263**	**11,501**

11. Property, plant and equipment

	Leasehold improvements £'000	Vehicles and equipment £'000	Total £'000
Cost			
At 31 December 2017 - audited	**2,872**	**4,938**	**7,810**
Additions	-	123	123
Disposal	-	(4)	(4)
At 31 March 2018 - unaudited	**2,872**	**5,057**	**7,929**
Additions	-	390	390
Disposals	-	(120)	(120)
At 31 December 2018 - audited	**2,872**	**5,327**	**8,199**
Additions	-	12	12
At 31 March 2019 - unaudited	**2,872**	**5,339**	**8,211**
Accumulated depreciation			
At 31 December 2017 - audited	**279**	**3,064**	**3,343**
Charge for the period	71	253	324
At 31 March 2018 - unaudited	**350**	**3,317**	**3,667**
Charge for the period	216	652	868
Disposals	-	(102)	(102)
At 31 December 2018 - audited	**566**	**3,867**	**4,433**
Charge for the period	71	213	284
At 31 March 2018 - unaudited	**637**	**4,080**	**4,717**
Net book value			
At 31 December 2017 - audited	**2,593**	**1,874**	**4,467**
At 31 March 2018 - unaudited	**2,522**	**1,740**	**4,262**
At 31 December 2018 - audited	**2,306**	**1,460**	**3,766**
At 31 March 2019 - unaudited	**2,235**	**1,259**	**3,494**

12. Right-of-use assets

	Right-of-use building £'000	Right-of-use vehicles £'000	Total £'000
Cost			
At 1 January 2019 on adoption of IFRS 16 – unaudited	**6,433**	**258**	**6,691**
At 31 March 2019 – unaudited	**6,433**	**258**	**6,691**
Accumulated depreciation			
At 1 January 2019 on adoption of IFRS 16 – unaudited	**-**	**-**	**-**
Charge for the period	205	33	238
At 31 March 2019 - unaudited	**205**	**33**	**238**
Net book value			
At 31 December 2017 - audited	**-**	**-**	**-**
At 31 March 2018 - unaudited	**-**	**-**	**-**
At 31 December 2018 - audited	**-**	**-**	**-**
At 1 January 2019 - unaudited	**6,433**	**258**	**6,691**
At 31 March 2019 - unaudited	**6,228**	**225**	**6,453**

13. Loans and advances to customers

	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Gross loans and advances to customers	1,397,786	1,381,495	1,407,099
Less: allowance for impairment	(4,739)	(5,007)	(6,423)
Net loans and advances to customers	**1,393,047**	**1,376,488**	**1,400,676**
Split as:			
Current	1,389,629	1,373,159	1,397,547
Non-current	3,418	3,329	3,129

14. Cash and cash equivalents

	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Bank balances	**69,294**	**79,770**	**66,149**

The currency profile of cash and cash equivalents is as follows:	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	31 December 2018 (audited) £'000
GBP	55,608	66,843	55,925
USD	3,297	3,250	2,248
EUR	10,389	9,677	7,976
Total cash and cash equivalents	**69,294**	**79,770**	**66,149**

The external credit rating of our banking counter parties are:	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	31 December 2018 (audited) £'000
AA-	69,294	79,017	66,149
A+	-	753	-
Total cash and cash equivalents	**69,294**	**79,770**	**66,149**

Cash and cash equivalents include encumbered cash balances held by entities within the Master Trust. The table below summarises the total assets that are capable of supporting future funding and collateral needs and shows the extent to which these assets are currently pledged for this purpose.

	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Encumbered	25,927	24,808	36,683
Unencumbered	43,367	54,962	29,466
Total cash and cash equivalents	**69,294**	**79,770**	**66,149**

15. Borrowings

	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Non-current			
Securitisation notes	911,223	870,056	973,847
Senior secured notes	186,376	184,980	186,027
	1,097,599	**1,055,036**	**1,159,874**

Securitisation notes

Funding is provided by a £1,084.5 million (2018: £1,109.5 million) securitisation facility, this includes Variable Funding Notes and two public series launched in 2017. As at 31 March 2019, £914.8 million (2018: £874.9 million) was drawn down on the securitisation facility less loan fees of £3.6 million (2018: £4.8 million).

Senior secured notes	Maturity date	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Fixed rate senior notes - issued 5 May 2014	2021	186,376	184,980	186,027

Interest is payable on the senior notes at a fixed rate of 7% per annum until maturity. The bond issued by Mizzen Bondco Limited, are listed on the Irish Stock Exchange and secured by a fixed charge over certain Group assets. Debt securities are classified as non-current at the period end and are stated net of unamortised bond set-up costs.

16. Called up share capital

	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Allotted and fully paid			
32,921,166 Ordinary shares of £1	32,921	32,921	32,921
11,581,089 Preference shares of £1	11,581	11,581	11,581
	44,502	**44,502**	**44,502**

17. Financial Instruments

There are no differences between the fair value of financial assets and liabilities included within the following categories in the Condensed Consolidated Balance sheet and their carrying value except for the senior notes, included in Borrowings:

- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables.

The following difference in fair values and carrying values exists in relation to the senior notes borrowings:

The fair values of the senior notes borrowings were £182.2 million, including unamortised set up fees of £3.0 million compared to the book value of £186.4 million as at 31 March 2019 (31 March 2018: fair value of £190.6 million, including unamortised set up fees of £4.4 million compared to the book value of £185.0 million).

18. Debt and equity

The debt and equity amount for the Group were as follows:

	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Debt			
Lease obligations	6,489	-	-
Securitisation notes	911,223	870,056	973,847
Senior loan notes	186,376	184,980	186,027
Amounts owed to Group undertakings	991	-	991
Less: unencumbered cash	(43,367)	(54,962)	(29,466)
Net debt	**1,061,712**	**1,000,074**	**1,131,399**
Equity			
Total equity	**(89,541)**	**(55,780)**	**(92,163)**

19. Cash inflow from operating activities

	Quarter ended 31 March 2019 (unaudited) £'000	Quarter ended 31 March 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Profit before taxation	**4,338**	**4,443**	**18,636**
Non cash items included in operating profit before taxation			
Loan impairment charges	(64)	2,618	9,314
Depreciation and amortisation	1,822	1,625	6,472
Loss on disposal of fixed assets	-	-	665
Finance costs - net	8,404	7,771	33,614
Non cash items included in operating profit before taxation	**10,162**	**12,014**	**50,065**
Changes in operating assets and liabilities			
Net movement in loans and advances to customers	6,989	41,528	10,691
Net movement in trade and other payables	52,802	57,425	3,251
Net movement in prepayments and other receivables	150	2,435	(1,239)
Changes in operating assets and liabilities	**59,941**	**101,388**	**12,703**
Cash flows from operating activities	**74,441**	**117,845**	**81,404**