Company Registration No. 09523903

Curve OS Limited

(formerly Curve 1 Limited)

CURVE

Annual report and consolidated financial statements for the year ended 31 December 2020

Curve OS Limited

Annual report and consolidated financial statements for the year ended 31 December 2020

Contents

Section	Page(s)
Directors and advisers	1
Strategic report	2 – 15
Directors' report	16 – 19
Independent auditors' report	20 – 22
Consolidated statement of profit and loss	23
Consolidated statement of financial position	24
Consolidated statement of changes in equity	25
Consolidated statement of cash flows	26
Notes to the consolidated financial statements	27 - 43

Curve OS Limited

Directors and advisers

Directors
Roberto Aitkenhead
Shachar Bialick
Daniel Thomas Bradley
Michael Dempsey Francis Burns
Cuong Do
Anju Patwardhan

Registered Office
15-19 Bloomsbury Way, London, England, WC1A 2TH

Registered Number
09523903

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

Curve OS Limited

Strategic report for the period ended 31 December 2020

What is Curve

Curve is on a mission to become a financial super app that connects all your money in one place.

There's an explosion in choice in retail financial services. With falling barriers to entry around an inefficient industry with legacy operating models and limitations, disruptive players such as Curve are leveraging technology to deliver better financial products and customer experiences.

Consumers are at the intersection of choices between old banks, challenger banks, credit cards, buy-now-pay-later, cashback, crypto, and are seeking a primary point of access. This is similar to other everyday needs such as Spotify and Netflix in entertainment, Amazon in retail and Airbnb and Booking.com in travel. The consumer demands a personalised experience and Curve exists to connect old school finances with new innovative propositions, with minimal behavioural change or infrastructure improvements. Customers can stay with their trusted banks and accounts while Curve provides a personal finance control centre.

Curve OS Limited was incorporated in 2015 and we launched our product to the public in 2018. We closed 2020 with nearly 2 million customers in 31 European countries (growing at 166% per annum between 2018 to 2020), and a formidable team of over 200 Curvers[1].

[1] Curve employees.

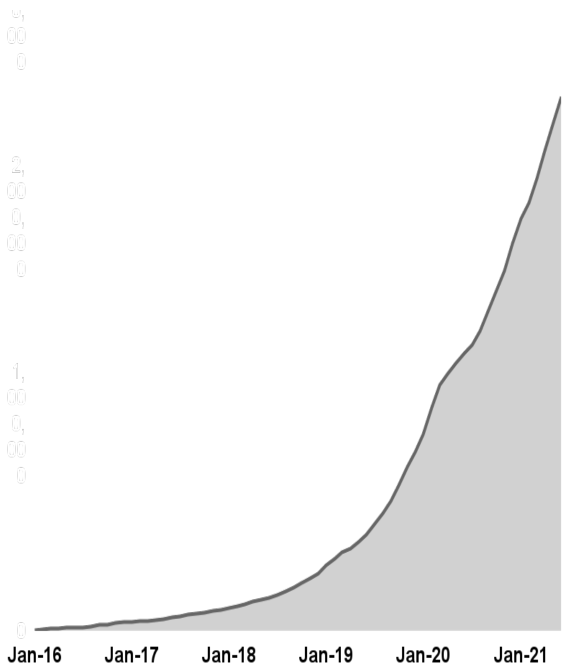
Curve OS Limited

Strategic report for the period ended 31 December 2020 (continued)

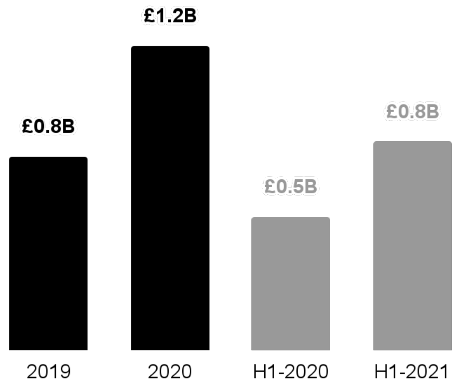
Curve today

Present in 31 markets
The UK & all EEA countries

2.6m customers[2]
as of 30 June 2021



£3bn Gross Transaction Volume[3]
Since launch in 2018



A team of 391
As of 30 June 2021
52 nationalities

Offices in
London & Bristol, UK
Vilnius, Lithuania
Brooklyn, NY, US

---

[2] Unique customers who signed up for an account with Curve. This definition applies to any reference to customers in this document.
[3] Value of transactions completed through the Curve platform in a given time period. 2019 and 2020 refer to the 12-month periods ended 31 December 2019 and 31 December 2020 respectively. H1-2020 and H1-2021 refer to the 6-month periods ended 30 June 2020 and 30 June 2021 respectively.

Curve OS Limited

Strategic report for the period ended 31 December 2020 (continued)

Our Board of Directors

Shachar Bialick
Chair, founder and CEO
Shachar is a serial entrepreneur who has built & led multiple companies across several verticals including finance, e-commerce, healthcare, mobile telecommunications and more.

Daniel Thomas Bradley
Tom is currently a partner at Hambro Perks. Previously, Tom was CEO and Managing Partner at Oxford Capital, and Partner at DN Capital and Draper Esprit. Tom is also Chairman at Push Doctor, and non-executive director at Moneybox and Oxford Biotherapeutics.

Roberto Aitkenhead
Bobby is co-founder and Managing Partner at IDC Ventures and is a successful entrepreneur with a proven track record launching, growing, and exiting technology ventures. He is a seasoned tech investor, and a pioneer in the international money transfer and payments technology industry. Bobby has over 16 years of experience in financial services and also serves as Executive Chairman at BrandHouse.

Michael Burns
Mike is a Partner at Gauss Ventures with more than 20 years' experience in technology start-ups and private equity. He worked on many successful companies where he has been a co-founder, seed investor or growth equity investor. As an entrepreneur, Mike created five venture-backed start-ups including Content Watch, Agere, Ciclon Semiconductor and traffic.com.

Cuong Do
Cuong is the former President of Samsung Global Strategy Group. Before Samsung, Cuong was the Chief Strategy Officer for Merck, TE Connectivity and Lenovo and served as a Senior Partner at McKinsey & Partners.

Anju Patwardhan
Anju is the former Managing Partner at CreditEase Fintech VC Fund, one of China's largest fintech venture funds. She formerly held global leadership roles at Citibank and Standard Chartered in Singapore.

Curve OS Limited

Strategic report for the period ended 31 December 2020 (continued)

Our Executive Team

Shachar Bialick - *Founder, Chief Executive Officer*
Serial entrepreneur who has built and led multiple companies across several verticals including finance, e-commerce, healthcare, mobile telecommunications and more.

Nathalie Oestmann - ***Chief Operating Officer***
An experienced global payments executive. Former VP Global Product Marketing at Amex; GM at Samsung Pay Europe; and SVP, Innovation Strategy at IDEMIA

Scott Weller- ***Chief Financial Officer***
Six years in Strategic Finance at PayPal, most recently as the Head of European Pricing Strategy based in Luxembourg. He started his career with BlackRock's Private Equity Group in SF & Tokyo.

Amanda Orson - ***Head of North America***
A zero-to-one startup veteran with expertise in growth and product-led marketing. Previously an advisor to Gauss Ventures, investor / VP Growth at Net Nanny, and angel investor / advisor to over a dozen startups.

Paul Harrald - ***Head of Credit***
CIO of founding team at Newday; Credit & Risk advisor at Google; MD of European investments at Chinese VC, Creditease; Global Head of Risk Strategy & Analytics at GE Money; former professor in Computing Science at UCL.

Founder's Review

Looking back at 2020, my standout takeaway is how fiercely capable we were, and continue to be as a company. We remained customer-centric, agile, resilient, and united in the face of the enormous challenges brought by the pandemic, the demise of Wirecard Bank which we relied on for our Issuing and Acquiring services, and Brexit. The evidence shows we overcame these events and thrived, growing our customer base, brand visibility, and team in the UK, EEA, and beyond. We are over the moon about the opportunities presented to us and remain focused on our growth plans.

Learning from 2020

2020 was a year of record growth for Curve despite the obstacle course of challenges on our way. With the astounding support of our stakeholders – customers, shareholders, partners, and our own families - we learnt that we can remain both remarkably focused and ultimately successful.

WirecardGate (AKA the demise of Wirecard)
On 26 June 2020, the UK's Financial Conduct Authority ('FCA') suspended the operations of Wirecard Card Solutions ('WCS') which was Curve's Electronic Money ('eMoney') issuer and acquirer, leaving our customers unable to use our product. This was an inflection point, a do-or-die situation, where acting at lightning speed and resolve to solve the problem was the only choice.

Within 60 hours, Checkout.com, Mastercard and Investec stepped in and our teams collectively worked around the clock to deliver monumental work, fully reactivating our customers' accounts utilising the passportable eMoney licence issued to Curve by the FCA in March 2020. In this short timeframe, we designed and implemented new systems, carried out cross-functional integration, negotiated contracts with partners, underwent required due-diligence and completed customer onboarding. This would not have been possible without customer obsession – our commitment to bring about the best outcome for our customers who place their trust in Curve. The experience was one of the most remarkable feats of teamwork I have taken part in, and has proven to the world Curve's execution capabilities.

Brexit
Up next was the final march towards Brexit. The demise of Wirecard Bank in Germany derailed our watertight preparation to date. We had to find an alternative to Wirecard, and with a sense of urgency.

In true Curve-style, our priority was to deliver a flawless experience to our customers, whose best interests are always at the forefront for us. We secured our eMoney licence in Lithuania, becoming an Electronic Money Institution ('EMI') in October 2020, with European Economic Area ('EEA') passporting rights secured in November 2020. On 31 December 2020, at 11PM GMT, all our EEA cardholders migrated seamlessly to our new EEA Electronic Money licence, without any interruption. Customers had no idea about the hard work that went on behind the scenes, and that's how it should be. The transition involved the establishment of our entity in Lithuania - now a prominent European fintech capital. We are pleased with our presence in Lithuania and our local relationships, and look forward to taking advantage of the opportunities our new gateway to EEA provides.

COVID-19
The pandemic prompted a wild transformation in consumer behaviour and defined new ways of working and living, not just in the UK but globally.

As a business, we had to adjust to the uncertainties by adapting our plan and adopting a conservative spending posture. For instance, we suspended our paid marketing activities from March to November 2020 and still continued to see our customer base grow at a healthy pace. Additionally, we implemented initiatives in response to the shift of consumer spending to the online channel, such as our campaign offering cashback to customers spending on Amazon in December 2020. Alongside these adjustments, we stayed heads down, focused on our product development, new launches and longer-term growth plans.

Curve OS Limited

Strategic report for the period ended 31 December 2020 (continued)

Founder's Review (continued)

We remain nimble and alert to the changes our environment and the pandemic continue to present.

In March 2020, when most of our markets went into lockdown, we acted swiftly to ensure business continuity and the safety of our team. We rapidly constructed a work from home set-up which included onboarding scores of new Curvers from multiple locations. The result has been phenomenal with record growth, customer loyalty and wide belief in our company and product.

I am so proud of the team around me and the level of dedication, collaboration and productivity they brought to Curve. It's testament to the culture we have spent years building and which was founded on the day-to-day human interaction in the office, something we all took for granted until the arrival of COVID-19. I firmly believe that culture is the glue that binds us together, and one that revolves around Curve's core values and passion for our mission. As we nearly doubled our team size in 2020, completely remotely, we continuously work to ensure that the standards and pace we were accustomed to when we were a 'small' start-up continue in Curve while we scale up our operations internationally.

We continually explore ways of recreating social moments remotely, enhancing productivity, and supporting our team. We actively listen to the opinions of our employees, routinely implement their suggestions for a better work life, and take genuine action to ensure mental health is a priority in how we work and treat each other.

Remote working has presented opportunities too. We have broadened our access to talent and offering, allowing part of our team to work fully-remotely. In tandem, our offices reopened in line with government guidelines. This has allowed Curve to offer its employees flexible working arrangements, and particularly to those unable to work from home or who prefer to work in an office environment.

Celebrating our achievements

Curve remained resilient in the face of the adversity seen in 2020. Our overall performance was certainly below what we had initially expected. But all said and done, we thrived and delivered unprecedented customer and topline growth, accomplished key milestones, and demonstrated strong execution.

Growth momentum
From January to December 2020, our customer base more than doubled to nearly 2 million, with marginal marketing spend. As a result, our Gross Transaction Volume ('GTV')[4] increased by 57% year-on-year[5], outperforming card networks on volume and value[6], and our revenue by 86%[5] year-on-year. We also introduced initiatives to increase our exposure to the online channel, resulting in online transactions expansion by 70%, faster than offline transactions which increased by 49%.

Strong partnerships
We sealed a number of partnerships, which have been instrumental in developing our proposition and scaling our business:

- Firstly, we expanded our collaboration with Mastercard becoming a Principal Member of the payments processing network. This allowed us to streamline processes that took longer via third parties and reduced costs;
- We partnered with Apple and Google to enable Apple Pay and Google Pay;
- We joined forces with Samsung to release the Samsung Pay+ card powered by Curve, giving Samsung customers in the UK access to our platform and product; and
- We also selected Plaid to connect our customers to their bank balances and Thought Machine to power our new credit offering.

---

[4] Value of transactions completed through the Curve platform in a given time period.
[5] January to December 2019 compared to January to December 2020.
[6] Debit and credit card activity in the UK in 2020, including UK- and overseas-issued cards, measured by volume and value of transactions. Source: UK Finance.

Founder's Review (continued)

Progress on product roadmap
We continued to augment our customer experience, with upgrades and new features. These included extending our Go Back in Time ® functionality, supporting loyalty cards in the Curve wallet, offering Rewards from selected retailers, enabling access to bank account balances and introducing our first Autopilot functionalities: Curve Cash Auto and Anti-Embarrassment Mode. These features accompanied continuous improvements for the customer journey on the app.

Credit, our first large-scale monetisation activity within our platform, was launched to SMEs, and later in 2021 to consumers in Beta[7], allowing them to split any online or offline transaction into future instalments.

Stronger organisation
We continue to rapidly grow a resilient team. We nearly doubled our staff count in 2020, adding 100+ new Curvers.

Our team is diverse, made up of more than 50 nationalities, with women representing more than a third of our entire cohort and the executive team.

We have also formed a strong team in Lithuania to support our continued post-Brexit activities in the EEA, and made key hires in the US to lay the groundwork for an ambitious launch in the US.

Successful fundraising
In January 2021, we announced our series C fundraising round in which we secured £67.5m (c.$94m). This was led by IDC Ventures, Fuel Venture Capital and Vulcan Capital (the investment arm of the estate of Microsoft co-founder and philanthropist Paul G. Allen), with participation from OneMain Financial (a US personal finance company) and Novum Capital Partners. Amid economic recession and volatility, the fundraising is an endorsement of our business model, historical performance and growth potential.

In May 2021, on the back of this round, we closed a record-breaking crowdfunding campaign raising over £9m in the largest-ever equity raise on the Crowdcube platform and welcoming 10,562 shareholders, the majority of which are our existing customers.

The proceeds from our institutional round and crowdfunding campaign have given us a firm footing on which to execute our ambitious plans for 2021 and beyond.

Looking ahead: Our focus in 2021

We are doubling-down on our growth plans in 2021, with a focus on:

- **Maintaining our growth momentum.** Our potential remains untapped, in the UK and to a larger extent in EEA. We have scoped our countries of focus and have identified and rolled out a number of initiatives in EEA to increase our brand awareness and customer base. Although many of our markets went into lockdowns at the start of the year, our customer base grew by 38% in the first half of 2021, and our GTV increased by 56% compared to the same period last year.
- **Launching Curve in the US**. In the US, we have been constructing a product that best addresses the American consumer's pains and preferences, and which did not exist before in the market, defining a new product category, as we have in the UK and EEA. We plan to launch in beta, and after a period of validating the product-market fit with our core proposition, we will roll out a broader one to the public.
- **Scaling Curve Credit[8]**. We have unveiled our first in-house Credit product, Curve Flex, an essential part of our proposition. As Buy-Now-Pay-Later has become increasingly popular, and similar credit and loan products now available have established a supportive customer awareness, we are seeing encouraging signs of uptake and engagement and are expecting Curve Credit's growth to accelerate.
- **Executing on our product roadmap while building strategic and tactical partnerships**. We have a pipeline of products and experiences we plan to bring to our platform over the next twelve months, such as our Crypto proposition.

---

[7] Unregulated credit which is exempt from regulatory licencing due to interest free nature.
[8] Consumer credit licence granted by the FCA on 1 September 2021 to Curve Credit Limited.

Curve OS Limited

Strategic report for the period ended 31 December 2020 (continued)

Lastly, ensuring we attract the best talent on the Curve rocketship and setting them up for both growth and success remains our utmost priority; it is seminal to our ability to deliver our plans. I am ecstatic to see our team growing and attracting such great talent, and look forward to achieving bigger and better milestones together. Our trajectory to date testifies to the strength of our team and culture, and with them we will move far and fast towards our vision.

Our Business Model

Our Proposition

Curve is building towards the inevitable outcome in the Banking industry. Its mission is to shape the future of personal finance by unifying and simplifying it all into a single platform: a financial super app.

The Curve card is issued as a Mastercard debit card, mainly to consumers (however Curve also operates a Micro-SME proposition). Our customers can connect their debit and credit cards (networks supported include Visa, Mastercard, Discover and Diners Club), loyalty cards, as well as their bank accounts, allowing them to access a growing ecosystem of products and experiences. Here's an overview of the most notable ones currently available:

- **Digital wallets**: Unlike other digital wallets, Curve's proposition is powered by the Curve card, which is supported by xPay (Apple Pay, Google Pay and Samsung Pay) as well as wearables (Fitbit, Garmin, Sony Wena), allowing for a greater choice of payments. The customer can pay using any card added to the wallet, thus transforming any of their legacy cards/banks to support any of the innovative xPays.
- **Go Back in Time®**: With our trademarked and patented technology (registered in the US, patent-pending in the EU which would cover the UK), our customers can switch past payments from one card to another, up to 30 days after the payment was made, managing their finances more flexibly and with much greater control.
- **Curve Flex**: Customers will be able to Go Back in Time® and split past purchases into future instalments. While this product is similar to existing buy-now-pay-later products on the market, it will not be restricted to the online channel or a selection of brands and retailers but can be applied to any transaction made using the Curve card, at any merchant that accepts Mastercard, anywhere in the world.
- **Curve Fronted**: Customers can pay their bills with their Credit Cards thanks to the Curve Card.
- **Rewards**: With Curve, customers can earn up to 20% cashback when shopping from selected retailers, and that is on top of any cashback they would otherwise get from their own bank / credit card (certain cashback offers may be higher on occasion but will generally not exceed 20%).
- **Autopilot**: Customers can automate spending with smart rules including: 1) our Anti-Embarrassment Mode whereby they can decide which debit or credit cards serve as a backup, just in case their default one declines a transaction at the point of sale; and 2) Curve Cash Auto Spend, allowing customers to automatically spend the cash back earned as they pay with Curve.

While Curve is aiming to maintain a free product, it provides two premium tiers on a subscription basis. Each subscription tier has a different price point and benefits.

How does Curve make money?

Curve generates revenue from the following 3 channels:

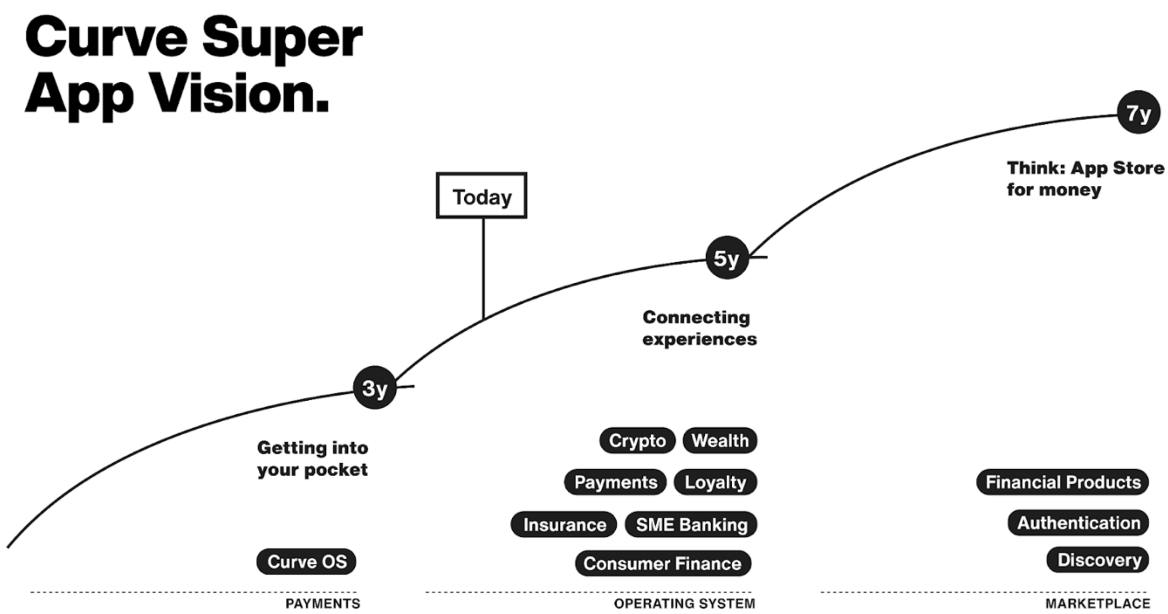
1. **Card Transactions**: Curve earns interchange income from each card transaction it executes as an issuer (i.e. at the purchase stage of a Curve transaction), excluding ATM transactions where Curve incurs interchange costs. Subject to the UK and European regulations on Interchange Fees, the interchange incomes vary per transaction, depending on where and how the Curve card is used and whether the customer is a business or consumer amongst other factors. This also includes other fees directly related to card transactions such as foreign exchange fees and ATM fees above certain limits.
2. **Premium Subscriptions Income**: Curve collects subscriptions on its paid plans on a monthly or annual basis.
3. **Curve Platform**: This is proving to be the most promising revenue opportunity for Curve. Curve as a platform offers and looks to add products and services, generating additional revenue streams through better and more seamless customer experience. Examples include, but are not limited to, platform fees from partners, interest income from Credit, Curve Fronted fees, and other revenue streams not related to interchange and subscription fees.

Curve OS Limited

Strategic report for the period ended 31 December 2020 (continued)

Our Business Model (continued)

Our Strategy



Curve has successfully built its 'Payments' capabilities which allowed us to embed our product and brand in our customers' lives. We are currently focused on scaling its 'Operating System' through bringing new experiences which increase value to customers, and in turn increase customer engagement, attract new customers, and represent new revenue channels. Once successful in building the Operating System of Curve, the outcome would be becoming a de facto 'App Store for Money', allowing customers to access a host of financial products and services with a tap, whilst enabling our partners to match, originate and onboard customers with high efficiency.

Our strategic focus is summarised as follows:

1. Growing really fast through acquiring more customers and driving engagement;
2. Scaling and diversifying our revenues by expanding geographically and developing products and benefits that feed the flywheel effect and bring new sources of income with higher margin. Our immediate objectives are to broaden our presence in Europe, launch in the US, and scale our Credit product; and
3. Driving discipline and operational excellence across the entire business to keep our cash burn rate in check and maintain our route to profitability, increasing long-term shareholders value.

Business Highlights

New Products and Features

We have been laser-focused on building our financial super app through developing and delivering new products and features. Amongst these, we extended our Go Back in Time® functionality and lifted the limit per transaction, supporting our customers to free up cash and move transactions from current accounts to credit cards during the uncertainty brought about by the shock of COVID-19. We also expanded the Curve wallet to include loyalty cards, removing the necessity to carry any card besides Curve's card and mobile app. In our push to shift the dial from 'All Your Cards in One' to 'All Your Money in One,' we enabled access to account balances in our app, leveraging Open Banking capabilities. We have also expanded our Network support, adding Discover and Diners Club International cards to the mix. We introduced personalised rewards, allowing customers to benefit from up to 20% cashback at selected retailers, both online and offline (certain cashback offers may be higher on occasion but will generally not exceed 20%). With Curve Cash Auto, customers can automatically spend money earned as cashback, and with our Anti-Embarrassment Mode, our customers may never experience an unnecessary decline.

We launched our first platform product, Curve Flex, allowing our customers, both consumers and SMEs, to split any transaction into future instalments and use Go Back in Time® to switch which card they chose to pay with.

Customer Growth

While 2020 came with a series of external challenges, Curve enjoyed an unprecedented momentum. Our customer base grew by 117%, adding over one million customers, of which 80% were acquired through non-paid channels (organically, through referrals and partnerships). Consequently, our customer acquisition cost is below the industry average.

In the first quarter of the year, our daily signups reached a record high level, nearing 10,000 sign-ups a day. As the pandemic hit Europe, we cautiously suspended paid marketing activities between March and November 2020. Our partnership with Samsung launched in September and represented a meaningful acquisition channel, driving signups up to pre-COVID-19 levels.

Curve OS Limited

Strategic report for the period ended 31 December 2020 (continued)

Financial Highlights

£ millions	Year ended **31 December 2020**	14-months ended **31 December 2019**
Revenue	**£9.9**	**£5.9**
Cost of Sales	£(11.6)	£(8.0)
Gross Loss	**£(1.7)**	**£(2.1)**
Administrative Expenses	£(36.2)	£(26.4)
of which Employee Benefit Expense	£(16.5)	£(8.9)
Operating Loss	**£(37.9)**	**£(28.5)**
EBITDA	**£(34.7)**	**£(28.5)**

Revenue
Our business proved resilient to the adversity brought by the pandemic and recorded a healthy and strong growth in 2020. The total volume of payments processed by the Curve platform expanded by 57% in 2020, despite the Covid-19 lockdown pressure, driven by customer acquisition and online initiatives. As a result, our revenues increased by 86% year-on-year[9], reaching £9.9m. Card transactions contributed two thirds of our revenues, and premium subscriptions one third, while platform products remained marginal. The UK, where the majority of our customers in the year were located, represented 73% of our revenues.

The geographical analysis of the Company's revenue is as follows:

United Kingdom	**7,270**	**7,270**	4,213
EEA	**1,764**	**1,764**	927
Rest of world	**867**	**867**	746
	9,901	**9,901**	5,886

Gross Loss
Our gross loss for the year stood at £1.7m. Our gross margin improved in 2020, driven by growing premium subscription revenues which had higher margins than card transactions, validating our ability to improve our profitability profile through revenue diversification.

Operating Loss
Our operating loss for the year was £37.9m. Our administrative expenses increased to £36.2m, reflecting our investment in building our team, products and systems, and, to a lower extent, marketing activities. Our personnel costs represented half of our total operating expenses. Our team grew from 126 employees at the end of 2019 to 226 at the end 2020 (and 391 as of June 2021), with new offices opened in Lithuania and the US.

Statement of Financial Position
Our cash and cash equivalents increased to £65.0m and net assets increased to £41.2m; reflecting the successful Series C fundraising round undertaken during the year, alongside the continued growth momentum of the business.

[9] This is based on a recalculated revenue amount for the 12-month period ended 31 December 2019, which was £5.3m.

Our Approach to Risk Management

Who regulates us?
Curve OS Limited operates under an EMI licence issued by the FCA in the UK. In the EEA our licence is issued by the Bank Of Lithuania ('BOL') and we are using that licence as our springboard to trade across the EEA. We have received authorisation from the FCA and BOL to issue consumer credit in the UK and Lithuania, and are in the final stages of gaining authorisation from BOL to issue credit across a number of additional EEA states. In the US we will offer services through our partnership with an Issuer Bank.

Control as we grow at pace
To support the growth and pace at Curve, we have invested heavily in our Risk and Compliance capability through 2020 to support us as we applied for, and were granted regulatory permissions. We recognise the reliance on our systems, third party relationships, the points of failure that these can create and the critical need to build our controls infrastructure to manage this.

We have a simple single way of looking at risks and threats across the Group that is consistent with regulatory expectations and norms. After the IT related problems many banks have experienced in recent years, the FCA understandably has a growing interest in operational resilience across the UK financial ecosystem and also an increasing interest in the consumer impact of EMIs. As we grow, we understand that we need to be ready for and able to meet the challenges of increased regulatory scrutiny and that is consistent with our strategy to continuously enhance our controls environment.

Managing Risk across multiple jurisdictions
Throughout 2020 and continuing into 2021, we have grown the Risk and Compliance resource under the leadership of senior leaders brought in from banks in the UK and US. We have built local Risk and Compliance teams with specialist expertise in the UK, Lithuania and the US working to a single central framework.

We believe in compliance by design and investing in the training of our staff. This is underpinned by a comprehensive policy suite and compliance monitoring programme to quickly identify and correct any issues. Our experienced compliance teams work closely with the regulators in each of the jurisdictions in which we trade.

Principal risks and control strategies in place
The table below outlines the principal risks, and control strategies.

Principal risks	Mitigation strategy
Strategic Risk The risk that Curve's strategy/business model is not sustainable in the competitive landscape, or that Curve fails to achieve the growth targets set. Curve has developed a unique and innovative business model that relies on access to payment networks and is subject to their rules. Payment networks could adopt new operating rules, or reinterpret existing rules, which would hamper our business model. There is a risk of competitors copying our model and winning market share.	• The Company has an experienced Board and leadership team to oversee strategic issues as they arise and maintains a close and proactive relationship with payment networks and regulators. • Curve has appropriate business processes and controls to ensure compliance with payment card network rules and maintains a close relationship with Payment schemes and partners. • Curve maintains a portfolio of its registered intellectual property rights, including trademarks over its brand name and key features, as well as patents over its Go Back In Time ® technology, which is registered in the US and patent-pending in the EU.
Execution Risk The risk that Curve does not achieve its strategic roadmap and does not hit growth or diversification commitments.	• Curve has a clearly defined, Board-approved strategy and the performance against that strategy is closely monitored. We set ambitious goals for ourselves and all staff understand that delivering results is critical for our success.

Our Approach to Risk Management (continued)

Conduct and Operational risk The risk of failure in processes, people or systems could lead to a service disruption or financial losses or poor outcomes for customers. Curve is growing quickly and diversifying its products and services. There is a corresponding need for the controls, governance infrastructure and expertise of senior staff to keep pace with the development. Failure to do so could lead to operational failures, additional stress on its employees, systems and /or create poor outcomes for customers.	• Curve has clear policies and procedures covering governance, people, systems, data and security. • Training and testing are performed periodically. • The enterprise-wide controls environment has been assessed during H2 2020 and activity to further strengthen this has been planned. • Business continuity and disaster recovery plans are in place, although these must be continuously reassessed and updated particularly in respect to outsourcers. • Cyber and Information security risk as well as compliance with wider data privacy requirements have been an area of focus. Specialist expertise in the form of an Infosec Lead and Data Protection Officer has been deployed in-house post-year end in 2020 to continuously enhance the standards and controls in place to keep pace with external threats. • Testing is in place to independently test and monitor the quality of customer outcomes and compliance with regulatory standards.
Financial risk The risk that Curve has insufficient cash resources to meet is financial obligations and capital requirements as they fall due.	• Liquidity positions are monitored intra-day, and daily. Key metrics are also regularly reviewed by the executive team and the Board. • Funding and liquidity triggers and limits have been formally adopted by the Board and provided to FCA as part of industry-wide requirements for an orderly wind down.
Macroeconomic risk The risk that changes in the external economic environment due to political and macroeconomic factors lead to financial losses. There is clearly a longer term risk associated with climate change and the economic implications for world economies and employees	• As a result of the UK leaving the EU, Curve has incorporated a new Lithuanian entity to process transactions across the EEA. • Curve has successfully weathered the economic headwinds of the COVID-19 pandemic and continues to benefit from increasing digital adoption and increasing flexibility of its workforce. • As world travel opens up again we expect to see increased adoption of premium services and associated fee income associated with travel and FX. • Curve is reviewing opportunities it can introduce to the market to increase awareness of climate change, and offset each customer’s carbon footprint. Curve is looking to incorporate some of these solutions into its product in the future.

Our Approach to Risk Management (continued)

Financial crime risk The risk that Curve's service is used for criminal activities.	• Financial crime policies and controls are in place and are regularly reviewed and tested for quality assurance which work as an additional layer to the underpinning funding card which will have its own checks. • Curve has several transaction and customer behaviour monitoring methodologies in place to identify and prevent financial crime including fraud. • Curve employees undergo regular training.
Credit risk The risk of default or financial failure of contracts with significant third parties, resulting in financial loss for Curve.	• Curve undertakes careful due diligence of significant third party relationships. • Key metrics and credit limits are regularly reviewed by the executive team and the Board. • Regular monitoring against Board agreed credit risk appetite is being constructed to support the credit business when operational.

This strategic report was approved by the Board of Directors and signed on behalf of the Board.

DocuSigned by:

0007E69934C9417...

Shachar Bialick
Chair, Founder and CEO
29 September 2021

Curve OS Limited

Directors report for the period ended 31 December 2020

The directors presented their report and audited consolidated financial statements of the Company for the period ended 31 December 2020.

The results for the year ended 31 December 2020, together with the comparative figures for the period ended 31 December 2019, have been prepared under United Kingdom Generally Accepted Accounting Practice (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). The consolidated loss for the year after taxation was £34.5m (Company FY2020: £34.0m compared to FY2019: £26.5m).

The Group has chosen, in accordance with Section 414C (11) of the Companies Act 2006, to include information in relation to financial risk management within the strategic report, that would otherwise be required to be disclosed in the directors' report.

Research and Development
Curve claimed HMRC R&D tax relief of £1.8m for carrying out qualifying Research & Development (R&D) activities over two financial years. The tax relief £1.4m relating to the 2019 financial period which has been recognised in full in the 2019 financial statements and £0.4m relating to the 2020 financial year. During the 2020 year the Company has expensed £1.3m (2019: £4.3m) in the statement of profit and loss in relation to R&D activities.

Employees
Curve is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion, sex or sexual orientation.

Curve actively provides employees with information and updates, consulting them regularly through weekly 'Be In The Know' meetings, monthly 'All Hands' sessions and regular company-wide engagement surveys, so that their views and interests can be taken into account when making decisions that are likely to affect them. This was of particular importance during 2020 and the shift to remote working.

The directors are committed to promoting the welfare of employees in line with the Equality Act 2010. As such, the directors are committed to encouraging and achieving a working environment where equality and diversity are recognised, encouraged and valued.

Dividends
No dividends have been paid or proposed during the year (period ended 2019: £nil).

Related party transactions
During the current financial year, Curve has had no transactions with related parties (period ended 2019: nil).

Donations
Curve made no charitable donations or incurred any expense to any political party or other political organisation during the financial year (period ended 2019: nil).

Future outlook
The directors are confident of the future performance of the Company. Curve continues to deliver strong revenue growth and increase its customer base (refer to Future Developments in the Strategic Report for further details).

Going concern

Our going concern is dependent on maintaining sufficient capital and liquidity to fund the balance sheet and meet our regulatory requirements. The directors have assessed Curve's ability to continue as a going concern for the period of at least 12 months from the date that the financial statements are approved.

As part of the assessment, the directors considered a number of scenarios across our medium-term business plan, taking into consideration our ability to continue to raise capital and execute against our ambitious mission. The directors also considered the capital and liquidity positions under normal and severe downside scenarios, with the introduction of possible management actions, if needed, to maintain a sufficient runway. The directors also assessed changes in the business and the resulting impact on our regulatory capital requirements.

Curve OS Limited

Directors report for the period ended 31 December 2020 (continued)

The normal scenario assumes that Curve will continue with its ambitious investment strategy, building its businesses in the UK and EEA with a successful launch in the US. Given the high level of execution in the normal scenario, this would result in a high likelihood of a proposed fundraising round being a success.

The severe downside scenario includes stress on a number of key assumptions, as well as a number of management actions. The severe downside scenario also assumes a lack of success in the proposed fundraising round, but due to the runway levers available to management at any point in time, there is sufficient runway for the foreseeable future. The directors have established a mechanism to monitor the success of its investment strategy to identify when actions need to be taken to ensure that the entity continues as a going concern and plan to implement these actions if required.

As a result, the directors concluded it remains appropriate to continue preparing Curve's financial statements on a going concern basis. The directors remain confident that given the extent and viability of the management actions available, the going concern basis is appropriate due to the following reasons:

We have an attractive proposition for investors. We have demonstrated our ability to attract investors, both retail and institutional, throughout challenging times. Since the start of the pandemic, we have successfully raised £82.6m from new and existing investors including from our series C fundraising round and our record-breaking Crowdfunding campaign which closed in May 2021.

We continue to grow and adapt. Despite the pandemic, our customer base has more than doubled in 2020, which is a testament to our brand as this was accomplished with marginal marketing spend. We sealed a number of key partnerships over the year, which have been instrumental in developing our proposition and scaling our business. We continue to be focused on our mission, on our customers, and on our product development and market expansion.

We remain resilient as an organisation. During 2020, our customer-centric and united team delivered outstanding achievements in the face of the enormous challenges brought by the pandemic, "WirecardGate', and Brexit. Having nearly doubled our staff count, adding over 100 new Curvers in the year, we continue to rapidly grow this resilient team and build on our strong culture.

We continue to remain agile as an organisation. We have demonstrated an ability to move quickly and decisively in responding to challenges and risks when aiming to achieve our ambitious mission. Curve's unique business model allows the organisation to remain agile in the face of challenge, providing extensive options for management to take in ensuring the viability of the organisation for the foreseeable future.

Post balance sheet events

The key events that have occurred since the period end are as follows:

- In July 2021, received £9m crowdfunding proceeds.
- In August 2021, the company engaged in dispute discussions with a software supplier, for which given the early stages it is not possible to accurately estimate any potential outcome.
- On 1 September 2021, Curve obtained its consumer credit licence from the FCA, through Curve Credit Limited.
- On 6 September 2021 Curve Acquiring DAC, a dormant subsidiary of Curve OS Limited, was voluntarily struck off the register at the Companies Registrations Office in Ireland.
- In Q3 2021, BOL granted Curve the permissions to issue credit in Lithuania, under Curve Europe's EMI licence, and to engage in insurance distribution activities across the EEA.

The above events are treated as non-adjusting post balance sheet events. There have been no other material post balance sheet events.

Curve OS Limited

Directors report for the period ended 31 December 2020 (continued)

Directors

The directors who held office during the period and up to the date of signing these financial statements, unless otherwise indicated, are:
Shachar Bialick
Daniel Thomas Bradley
Michael Dempsey Francis Burns
Roberto Aitkenhead (appointed 27 November 2020)
Cuong Do (appointed 27 November 2020)
Anju Patwardhan (appointed 17 December 2020)
William Earner (resigned 27 November 2020)
Ben Marrel (resigned 27 November 2020)

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in place during the period. The Company also maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its directors.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and consolidated financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company’s financial statements published on the ultimate parent company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors’ confirmations

In the case of each director in office at the date the directors’ report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group’s and Company’s auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group’s and Company’s auditors are aware of that information.

Curve OS Limited

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

This report was approved by the Board on 29 September 2021 and signed on its behalf by:

DocuSigned by:

0007E69934C9417...

____

Shachar Bialick
Chair, Founder and CEO

Curve OS Limited

Independent auditors' report to the members of Curve OS Limited

Report on the audit of the financial statements

Opinion

In our opinion, Curve OS Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's and Company's loss and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 December 2020; the Consolidated and Company statements of profit and loss, the Consolidated and Company statements of changes in equity and the Consolidated and Company statements of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Curve OS Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches in regulations such as, but not limited to, the relevant rules of the Financial Conduct Authority, UK tax legislation, UK employment legislation and equivalent local laws and regulations applicable to significant components of the Group, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Curve OS Limited

Independent auditors' report to the members of Curve OS Limited (continued)

We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considering the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We held discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation that could give rise to a material misstatement in the Group and Company financial statements;
- Reading correspondence with regulatory authorities such as the Financial Conduct Authority in relation to compliance with financial services regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Review of board minutes during the year and to the date of this audit opinion.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Daniel Pearce

Daniel Pearce (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
29 September 2021

Curve OS Limited

Consolidated and Company statements of profit and loss for the year ended 31 December 2020

	Note(s)	Group Year ended 31 December 2020 £'000	Company Year ended 31 December 2020 £'000	Company 14 months ended 31 December 2019 £'000
Revenue	3	9,901	9,901	5,886
Cost of sales		(11,635)	(11,635)	(7,988)
Gross loss		(1,734)	(1,734)	(2,102)
Administrative expenses	4, 5	(36,157)	(35,616)	(26,434)
Operating loss		(37,891)	(37,350)	(28,536)
Gain on settlement*		3,016	3,016	-
Finance income	6	15	15	11
Finance expenses		(93)	(93)	-
Loss before taxation		(34,953)	(34,412)	(28,525)
Income tax credit	7	440	440	1,992
Loss for the financial year/period		(34,513)	(33,972)	(26,533)

*The gain on settlement relates to the release of an obligation with a service provider. Refer to Note 14.

There were no items of other comprehensive income or expense and therefore the loss for the period/year reflects the Group's total comprehensive loss.

The notes on pages 27 to 43 are an integral part of these financial statements. All the activities of the Group relate to continuing operations.

Curve OS Limited

Consolidated and Company statements of financial position as at 31 December 2020

Registered number: 09523903	Note	Group 31 December 2020 £'000	Company 31 December 2020 £'000	Company 31 December 2019 £'000
Assets				
Non-current assets				
Intangible assets	8	487	487	75
Property, plant and equipment	9	249	249	305
Investment in subsidiaries	10	-	1,051	-
Loans to customers		10	-	-
Other debtors	12	215	215	74
		961	2,002	454
Current assets				
Inventories	11	1,693	1,693	856
Trade and other receivables	12	4,165	3,868	3,437
Intercompany receivables		-	278	-
Cash and cash equivalents	13	64,980	64,428	19,077
		70,838	70,267	23,370
Total assets		71,799	72,269	23,824
Liabilities				
Current liabilities				
Trade and other payables	14	30,639	30,567	7,159
Total liabilities		30,639	30,567	7,159
Total assets less current liabilities		41,160	41,702	16,665
Net assets		41,160	41,702	16,665
Equity				
Called up share capital	16	5	5	4
Share premium account	16	112,782	112,782	54,622
Other reserves		1,565	1,565	717
Accumulated losses		(73,191)	(72,650)	(38,678)
Revaluation reserve		(1)	-	-
Total equity		41,160	41,702	16,665
Total equity and liabilities		71,799	72,269	23,824

The notes on pages 27 to 43 are an integral part of these financial statements.

The consolidated financial statements on pages 23 to 43 were approved by the board of directors on 29 September 2021 and were signed on its behalf by:

DocuSigned by:
0007E69934C9417...
Shachar Bialick
Director

Curve OS Limited

Consolidated and Company statements of changes in equity for the year ended 31 December 2020

Group

	Note	Share capital £'000	Share premium £'000	Options reserve £'000	Other reserves: Warrants reserve £'000	Other reserves: Revaluation reserve £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 January 2020		**4**	**54,622**	**614**	**103**	**-**	**(38,678)**	**16,665**
Shares issued	16	1	58,160	-	-	-	-	58,161
Loss for the financial year		-	-	-	-	-	(34,513)	(34,513)
Loss on revaluation of investments		-	-	-	-	(1)	-	(1)
Share based payments expense	17	-	-	848	-	-	-	848
Balance as at 31 December 2020		**5**	**112,782**	**1,462**	**103**	**(1)**	**(73,191)**	**41,160**

Company

	Note	Share capital £'000	Share premium £'000	Options reserve £'000	Other reserves: Warrants reserve £'000	Other reserves: Revaluation reserve £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 November 2018		3	15,987	139	103	-	(12,145)	4,087
Shares issued	16	1	38,635	-	-	-	-	38,636
Loss for the financial period		-	-	-	-	-	(26,533)	(26,533)
Share based payments expense	17	-	-	475	-	-	-	475
Balance as at 31 December 2019		4	54,622	614	103	-	(38,678)	16,665
Balance as at 1 January 2020		**4**	**54,622**	**614**	**103**	**-**	**(38,678)**	**16,665**
Shares issued	16	1	58,160	-	-	-	-	58,161
Loss for the financial year		-	-	-	-	-	(33,972)	(33,972)
Share based payments expense	17	-	-	848	-	-	-	848
Balance as at 31 December 2020		**5**	**112,782**	**1,462**	**103**	**-**	**(72,650)**	**41,702**

The notes on pages 27 to 43 are an integral part of these financial statements.

Curve OS Limited

Consolidated and Company statements of cash flows for the year ended 31 December 2020

	Note	Group Year ended 31 December 2020 £'000	Company Year ended 31 December 2020 £'000	Company 14 months ended 31 December 2019 £'000
Cash flows from operating activities				
Loss for the financial year/period		**(34,513)**	**(33,972)**	(26,533)
Adjustments for:				
Amortisation	**8**	**77**	**77**	36
Depreciation	**9**	**126**	**126**	98
Interest received	**6**	**(15)**	**(15)**	(11)
Share based payment expense	**17**	**848**	**848**	475
Changes to working capital				
Loans to customers		**(10)**	**-**	-
Increase in trade and other receivables	**12**	**(869)**	**(572)**	(1,990)
Increase in inventories	**11**	**(837)**	**(837)**	(581)
Increase in trade and other payables	**14**	**23,480**	**23,408**	5,837
Net cash used in operating activities		**(11,713)**	**(10,937)**	(22,669)
Cash flows from investing activities				
Purchase of intangible assets	**8**	**(489)**	**(489)**	(89)
Purchase of tangible assets	**9**	**(70)**	**(70)**	(318)
Investment in subsidiaries	**10**	**-**	**(1,051)**	-
Increase in loans to group companies		**-**	**(278)**	-
Interest received	**6**	**15**	**15**	11
Net cash used in investing activities		**(544)**	**(1,873)**	(396)
Cash flows from financing activities				
Issue of shares	**16**	**58,161**	**58,161**	38,636
Net cash generated from investing activities		**58,161**	**58,161**	38,636
Effect of exchange rate changes on cash and cash equivalents		**(1)**	**-**	-
Net increase in cash and cash equivalents		**45,903**	**45,351**	15,571
Cash and cash equivalents at the beginning of the year/period		**19,077**	**19,077**	3,506
Cash and cash equivalents at the end of the year/period		**64,980**	**64,428**	19,077

The notes on pages 27 to 43 are an integral part of these financial statements

Curve OS Limited

Notes to the consolidated financial statements for the year ended 31 December 2020

1. General information

These financial statements are prepared for Curve OS Limited and its subsidiaries ('the Group'). Curve OS Limited ('the Company'), formerly Curve 1 Limited is a company incorporated and domiciled in England, the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of its registered office is 15-19 Bloomsbury Way, London, WC1A 2TH, United Kingdom.

The Company has changed its financial year end from 31 October to 31 December in 2019. The company's financial statements are therefore for the year ended 31 December 2020, with comparatives for and the 14 month period ended 31 December 2019.

The Company incorporated Curve US Inc, Curve Credit Limited and Curve Europe UAB during the year ended 31 December 2020 and hence consolidated financial statements for the year ended 31 December 2020 are the first consolidated financial statements presented by the Group. Please refer to Note 10 for further details.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied during the year / period presented.

Basis of preparation

The consolidated financial statements of the Group and financial statements of the Company have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The consolidated financial statements and financial statements of the Group and the Company have been prepared under the historical cost basis unless otherwise stated. All references to Group also refer to company except where specifically stated

The consolidated financial statements and financial statements of the Group and the Company are presented in pound sterling (£). Figures in tables are shown in £'000 and references in text are shown in £k or £m and this is stated in each case.

Going Concern

Our going concern is dependent on maintaining sufficient capital and liquidity to fund the balance sheet and meet our regulatory requirements. The directors have assessed Curve's ability to continue as a going concern for the period of at least 12 months from the date that the financial statements are approved.

As part of the assessment, the directors considered a number of scenarios across our medium-term business plan, taking into consideration our ability to continue to raise capital and execute against our ambitious mission. The directors also considered the capital and liquidity positions under normal and severe downside scenarios, with the introduction of possible management actions, if needed, to maintain a sufficient runway. The directors also assessed changes in the business and the resulting impact on our regulatory capital requirements.

The normal scenario assumes that Curve will continue with its ambitious investment strategy, building its businesses in the UK and EEA with a successful launch in the US. Given the high level of execution in the normal scenario, this would result in a high likelihood of a proposed fundraising round being a success.

The severe downside scenario includes stress on a number of key assumptions, as well as a number of management actions. The severe downside scenario also assumes a lack of success in the proposed fundraising round, but due to the runway levers available to management at any point in time, there is sufficient runway for the foreseeable future. The directors have established a mechanism to monitor the success of its investment strategy to identify when actions need to be taken to ensure that the entity continues as a going concern and plan to implement these actions if required.

2. Accounting policies (continued)

As a result, the directors concluded it remains appropriate to continue preparing Curve's financial statements on a going concern basis. The directors remain confident that, given the extent and viability of the management actions available, the going concern basis is appropriate.

Basis for consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings up to 31 December 2020.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Given all subsidiary companies were incorporated during the year, there are no consolidated comparatives provided.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) *Useful economic lives of tangible and intangible assets*
The annual depreciation and amortisation charges for tangible and intangible assets respectively are sensitive to changes in the useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation of the assets. Refer to note 8 and 9.

(ii) *Rewards liabilities*
Customers earn reward points as a result of past transactions which can be redeemed on future transactions. There is uncertainty when and if the reward points will be converted to currency. The Group makes an estimate of the pound sterling (£) value of reward points expected to be spent by customers based on historic customer spending behaviour. Rewards liabilities are included in accruals and deferred income (note 14).

(iii) *Trade payables*
In 2019 trade payables (note 14) includes an amount owed for which the reconciliation process with the vendor remains ongoing. The amount recorded represents the Directors' estimate of the maximum liability based on third party evidence.

2. Accounting policies (continued)

(iv) *Share based payments expense*
The calculation of the fair value of the options requires significant estimates to be made by management. The Group uses a Black-Sholes option valuation model. Estimates include volatility, risk free interest rate, fair value of ordinary shares at grant date and the probability of options reaching their vesting period. The estimations made are subject to variability that may alter the overall fair value determined. Refer to note 17.

(v) *R&D tax relief*
The R&D tax relief is based on an analysis of estimated costs of R&D activities in line with HMRC eligibility criteria. The claims for the financial periods ended 2018 and 2019 are receivable subsequent to the current period end. It is expected that the 2020 R&D tax relief claim will be receivable and submitted in the 2021 financial year. Refer to note 12.

(vi) *Unrecognised deferred tax assets*
As disclosed in the current and deferred income tax accounting policy, the Group recognises deferred tax assets relating to temporary differences, capital losses or operating losses when it is probable that they will be utilised in future reporting periods. Due to continuing operating losses, the Group has determined it is not appropriate to recognise deferred tax assets until a point where it is probable that future taxable income is going to be available to utilise the assets. Refer to note 7.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of consideration received or receivable, excluding discounts, value added tax and other sales taxes. Revenue for the Group consists of card and interchange, subscription and platform revenue.

Card and interchange revenue
Fees are recognised in the statement of profit and loss as services are provided to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. This is typically on a settlement or completed transaction basis.

Subscription revenue
Fees are recognised in the statement of profit and loss as services are provided to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. The Group recognises income based on the period to which it relates which is in line with the contractual terms giving rise to that revenue.

Platform revenue
Revenue is recognised in the statement of profit and loss to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. The revenue is recognised over the life of the contract when performance obligations are satisfied.

Finance income
Interest income is recognised using the effective interest rate method.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition.

Depreciation is calculated so as to write off the cost of the tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned.

The principal annual lives for this purpose are:

Computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

·2. Accounting policies (continued)

Inventories

Inventories are Curve cards held for distribution and are stated at the lower of cost adjusted for the loss of service potential and replacement cost. Inventories are recognised as an expense in the period in which the related revenue is recognised

Leases

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) *Finance leased assets*
Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

The Group had not entered into any finance leases nor had existing contracts.

(ii) *Operating leased assets*
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

The Group has operating lease contracts for rent services which ends on 30 September 2021.

Intangible assets

All intangible assets are stated at cost, including costs incurred to acquire and bring the asset to use, less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of the intangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets.

The useful economic lives of intangible assets are as follows:

Website domain	indefinite; subject to yearly impairment review
Card design	3 years

(i) *Internally generated intangible assets*

Costs relating to the development of software are capitalised as intangible assets only when the future economic benefits expected to arise are deemed probable and the costs can be reliably measured. Development costs not meeting these criteria are expensed in the statement of profit and loss as incurred. Capitalised development costs are amortised on a straight-line basis over the period gaining economic benefit from the expenditure once the related product is available for use. Research costs are charged to the statement of profit and loss as incurred.

(ii) *Separately acquired intangible assets*

Intangible assets purchased separately, such as software licences that do not form an integral part of related hardware, are capitalised as intangible assets at cost and amortised over their useful economic life. Costs associated with maintaining software are charged to the statement of profit and loss as incurred.

2. Accounting policies (continued)

Foreign currency translation

These financial statements are presented in UK pounds sterling (£), which is the Company's functional and the Group's presentational currency.

Transactions denominated in currencies other than the functional currency of the transacting entity are translated into the functional currency at the prevailing exchange rate when the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at the rate prevailing at the year end. Exchange differences arising on foreign exchange transactions and the retranslation of assets and liabilities into functional currencies at the rate prevailing at the year-end are included in the statement of profit and loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument.

Financial assets
Financial assets, including trade and other receivables, cash and bank balances are initially measured at transaction price and net of directly attributable transaction costs, subsequently held at cost, less any impairment. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when all the risks and rewards of the financial asset are transferred.

Financial liabilities
Financial liabilities, including trade and other creditors, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost using an effective interest rate method. Financial liabilities are derecognised when discharged, cancelled or expired.

Trade and other creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The Group applies section 11 and 12 of FRS102 disclosures for financial instruments.

Provisions and contingencies

Provisions
Provisions are recognised when the Group has legal or constructive present obligations as a result of past events, during the normal course of trade that will probably require an outflow of resources to settle, and this outflow can be reliably measured.

Provisions are discounted when the time value of money is material.

Provisions for restructuring costs are recognised when there are changes to the Group's operations resulting in the likelihood that an outflow of resources will be required to settle the obligation and the amount can be readily estimated. Provisions are not recognised for future operating losses.

Contingencies
Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the consolidated financial statements unless the probability of an outflow of resources is remote.

Contingent assets are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Curve OS Limited

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

2. Accounting policies (continued)

Pensions

The Group participates in a Group Personal Pension Plan, a defined contribution scheme. A defined contribution plan is a pension plan under which the Group pays fixed contributions and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The cost of contributions is charged to the statement of profit and loss in the year to which it relates.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Current and deferred income tax

Current income tax is recognised based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences that arise between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax base. A temporary difference is a taxable temporary difference if it will give rise to taxable amounts in the future when the asset or liability is settled. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be offset. Deferred tax assets and liabilities recognised are not discounted. Current tax assets and liabilities are shown separately on the face of the statement of financial position.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset taxation assets with taxation liabilities.

The Group is subject to corporation tax in the UK, the Republic of Ireland, the United States of America and Lithuania. Judgement and estimates of future profitability are required to determine the deferred tax position of the Group. If the final tax position is different to that originally assumed, any resulting changes are reflected in the statement of profit and loss.

Share capital

Share capital represents the value of shares that have been issued.

Any premiums received on the issue of share capital has been allocated to share premium under the equity section on the statement of financial position.

Curve OS Limited

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

3. Revenue

	Group Year ended 31 December 2020 £'000	**Company Year ended 31 December 2020 £'000**	**Company** 14 months ended 31 December 2019 £'000
The category analysis of the Company's revenue is as follows:			
Card and Interchange	**5,179**	**5,179**	4,304
Subscription	**2,933**	**2,933**	1,237
Platform	**300**	**300**	345
Other income	**1,489**	**1,489**	-
	9,901	**9,901**	5,886

There was no revenue earned by subsidiary companies for the year ended 31 December 2020.

4. Administrative expenses

	Group 31 December 2020 £'000	**Company 31 December 2020 £'000**	Company 31 December 2019 £'000
Auditors Remuneration			
Fees payable to the Group's auditors for the audit of the financial statements (excluding taxes)	**130**	**130**	120
Employee benefit expense			
Wages and salaries	**14,462**	**14,200**	7,893
Social security costs	**1,703**	**1,689**	881
Other pension costs	**290**	**290**	160
Other expenses	**19,702**	**19,437**	17,500
	36,157	**35,616**	26,434

The total number of staff employed at the period/year end is as follows:	**Group 31 December 2020 £'000**	**Company 31 December 2020 £'000**	Company 31 December 2019 £'000
Engineering	**64**	**64**	33
CX	**54**	**54**	26
FinCrime	**24**	**24**	16
Leads	**12**	**12**	9
Data	**11**	**11**	9
Product	**11**	**11**	5
Product Ops	**7**	**7**	4
Compliance	**6**	**6**	3
Growth	**6**	**6**	6
Brand & Comms	**4**	**4**	2
Finance	**4**	**4**	1
PMO	**4**	**4**	2
Talent	**4**	**4**	1
Other	**15**	**15**	9
	226	**226**	126

Curve OS Limited

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

5. Director and Key Management Personnel Remuneration

	Group Year ended 31 December 2020 £'000	Company Year ended 31 December 2020 £'000	Company 14 months ended 31 December 2019 £'000
The directors' emoluments were as follows:			
Fees paid to non-executive directors	**47**	**47**	-
Fees paid to executive directors			
Salaries and wages	**200**	**200**	161
Company contributions to defined contribution pension schemes	**2**	**2**	2
	202	**202**	163

The sole executive directors' remuneration in this note is included in administrative expenses.
There was 1 director in the Group's defined contribution pension scheme (2019: 1).
There were no options exercised by directors during the current and prior years.

	Group Year ended 31 December 2020 £'000	Company Year ended 31 December 2020 £'000	Company 14 months ended 31 December 2019 £'000
The key management personnel emoluments were as follows:			
Salaries and wages	**512**	**512**	70
Company contributions to defined contribution pension schemes	**5**	**5**	1
	517	**517**	71

The above information relates to 3 key management personnel in the current year (2019: 2). In addition, key management personnel were in place for only part of the prior period. The key management personnel remuneration in this note is included in administrative expenses.

There were 3 key management personnel in the company's defined contribution pension scheme (2019: 2).
There were no options exercised by key management personnel during the current and prior years.

6. Finance income

	Group Year ended 31 December 2020 £'000	Company Year ended 31 December 2020 £'000	Company 14 months ended 31 December 2019 £'000
Bank interest	**15**	**15**	11

Curve OS Limited

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

7. Income Tax credit

	Group Year ended 31 December 2020 £'000	Company Year ended 31 December 2020 £'000	Company 14 months ended 31 December 2019 £'000
Current tax:			
Current UK income tax credit for the year	**(440)**	**(440)**	(1,419)
Prior period adjustments	**-**	**-**	(573)
Total current tax credit	**(440)**	**(440)**	(1,992)

Tax on the loss before tax differs from the theoretical amount that would arise using the standard tax rate applicable in the UK to losses as follows:

	Group Year ended 31 December 2020 £'000	Company Year ended 31 December 2020 £'000	Company 14 months ended 31 December 2019 £'000
Loss before tax	**(34,953)**	**(34,412)**	(28,525)
Tax calculated at the standard rate of corporation tax in the UK of 19% (2019: 19%)	**(6,641)**	**(6,538)**	(5,420)
Tax effects of:			
Permanent adjustments	**152**	**152**	247
Additional deduction for R&D expenditure	**(326)**	**(326)**	(1,050)
Surrender of tax losses for R&D tax credit refund	**136**	**136**	440
Adjustment in respect of prior periods	**-**	**-**	(573)
Remeasurement of deferred tax for changes in tax rates	**(655)**	**(655)**	
Deferred tax not recognised	**6,894**	**6,791**	4,364
Tax credit for period/year	**(440)**	**(440)**	(1,992)

Factors affecting current and future tax charges

The rate of UK corporation tax reflected in these financial statements is 19% (2019: 19%). In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will change to 25%. This new law was substantively enacted on 24 May 2021. As the Group does not recognise any deferred tax assets or liabilities that are expected to be settled beyond 1 April 2023, the future rate change will have no impact on these financial statements.

Deferred tax

The Company currently has unrecognised deferred tax assets totalling £12,361k (2019: £5,398k) of which £12,047k (2019: £5,240k) relates to unutilised tax losses. Due to uncertainty as to when these assets will reverse, no recognition for these have been made in these accounts.

8. Intangible assets

	Group Website domain name '£'000	Group Card design '£'000	Group Total '£'000
Cost			
At 1 November 2018	-	98	98
Additions	-	89	89
At 31 December 2019	-	187	187
Accumulated amortisation			
At 1 November 2018	-	76	76
Charge for the period	-	36	36
At 31 December 2019	-	112	112
Net book value			
At 31 December 2019	-	75	75
Cost			
At 1 January 2020	-	187	187
Additions	273	220	493
Disposals	-	(92)	(92)
At 31 December 2020	273	315	588
Accumulated amortisation			
At 1 January 2020	-	112	112
Charge for the period	-	77	77
Disposals	-	(88)	(88)
At 31 December 2020	-	101	101
Net book value			
At 31 December 2020	273	214	487

Amortisation of intangible assets has been charged in 'administrative expenses' in the statement of profit and loss.

Curve OS Limited

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

8. Intangible assets (continued)

	Company Website domain name '£'000	Company Card design '£'000	Company Total '£'000
Cost			
At 1 November 2018	-	98	98
Additions	-	89	89
At 31 December 2019	-	187	187
Accumulated amortisation			
At 1 November 2018	-	76	76
Charge for the period	-	36	36
At 31 December 2019	-	112	112
Net book value			
At 31 December 2019	-	75	75
Cost			
At 1 January 2020	-	187	187
Additions	273	220	493
Disposals	-	(92)	(92)
At 31 December 2020	273	315	588
Accumulated amortisation			
At 1 January 2020	-	112	112
Charge for the period	-	77	77
Disposals	-	(88)	(88)
At 31 December 2020	-	101	101
Net book value			
At 31 December 2020	273	214	487

Amortisation of intangible assets has been charged in 'administrative expenses' in the statement of profit and loss.

Curve OS Limited

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

9. Property, plant and equipment

	Group	Company
	'£'000	'£'000
Computer Equipment - Cost		
At 1 November 2018 (Restated)	148	148
Additions - separately acquired	318	318
At 31 December 2019	**466**	**466**
Computer Equipment - Accumulated depreciation		
At 1 November 2018 (Restated)	63	63
Charge for the period	98	98
At 31 December 2019	**161**	**161**
Computer Equipment - Net book value		
At 31 December 2019	**305**	**305**
Computer Equipment - Cost		
At 1 January 2020	466	466
Additions - separately acquired	70	70
At 31 December 2020	**536**	**536**
Computer Equipment - Accumulated depreciation		
At 1 January 2020	161	161
Charge for the period	126	126
At 31 December 2020	**287**	**287**
Computer Equipment - Net book value		
At 31 December 2020	**249**	**249**

Depreciation charge of tangible assets has been charged in 'administrative expenses' in the statement of profit and loss.

Curve OS Limited
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

10. Investment in subsidiaries

The Group has 100% interest in the following subsidiaries:

Curve Acquiring Designated Activity Company, registered in Ireland (571425), whose principal activity is an investment company. The registered address is Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7. The Company has taken the exemption per Companies Act s405(2) to not consolidate the subsidiary given it is dormant and its profit and loss for the year was £nil (2019 £nil). This company was struck off the register at the Companies Registration Office on 6 September 2021.

Curve US Inc., a Delaware company registered in the United States of America (7763239), whose principal activity is the provision of card services. The company was incorporated on 4 February 2020 and it's registered address is 251 Little Falls Drive, Wilmington, New Castle, Delaware, 19808.

Curve Credit Limited, registered in the United Kingdom (12464458), whose principal activity is the provision of credit services. The company was incorporated on 14 February 2020 and its registered address is 15-19 Bloomsbury Way, London, England, WC1A 2TH.

Curve Europe UAB, registered in the Republic of Lithuania (305626541), whose principal activity is the provision of card services. The company was incorporated on 11 September 2020 and its registered address is Jogailos g. 9, Vilnius, the Republic of Lithuania.

	Company 31 December 2020 £'000	Company 31 December 2019 £'000
Investment in Curve Acquiring Designated Activity Company*	**-**	-
Investment in Curve US Inc.	**1**	-
Investment in Curve Credit Limited	**500**	-
Investment in Curve Europe UAB	**550**	-
	1,051	**-**

*The value of this investment is £1.

11. Inventories

	Group 31 December 2020 £'000	**Company 31 December 2020 £'000**	Company 31 December 2019 £'000
Inventories	**1,693**	**1,693**	856

Inventory recognised in administrative expenses during the year as an expense was £637k (2019: £1,341k).

12. Trade and other receivables

	Group 31 December 2020 £'000	Company 31 December 2020 £'000	Company 31 December 2019 £'000
Non-current			
Other debtors	**215**	**215**	**74**
Current			
Trade debtors	40	40	365
Other debtors	3,556	3,556	2,159
Other taxes receivable	-	-	39
Prepayments and accrued income	569	272	874
Total	**4,165**	**3,868**	**3,437**

Other debtors include a R&D tax relief asset of £1,858k (2019: £1,992k). The R&D tax relief is considered a non-financial asset and is based on an analysis of eligible costs relating to technological advances in line with HMRC.

13. Cash and cash equivalents

	Group 31 December 2020 £'000	Company 31 December 2020 £'000	Company 31 December 2019 £'000
Cash and cash equivalents	**64,980**	**64,428**	19,077

14. Trade and other payables

	Group 31 December 2020 £'000	Company 31 December 2020 £'000	Company 31 December 2019 £'000
Current			
Trade creditors	22,665	22,665	4,498
Social security and other taxes payable	1,658	1,658	392
Rewards liability	2,893	2,893	717
Other creditors	1,166	1,166	62
Accruals and deferred income	2,257	2,185	1,490
Total	**30,639**	**30,567**	**7,159**

During 2020, the Company settled a trade creditor amount pertaining to FY 2019 and FY 2020 which resulted in a gain due to the release of the provision and included under 'Gain on settlement' in the consolidated and company statements of profit and loss.

15. Financial Instruments

The following table presents the carrying amounts of each category of financial assets and liabilities:

	Group 31 December 2020 £'000	Company 31 December 2020 £'000	Company 31 December 2019 £'000
a) Assets as per Statement of financial position			
Financial assets			
Trade and other receivables	2,522	2,225	365
Cash and cash equivalents	64,980	64,428	19,077
	67,502	**66,653**	**19,442**
b) Liabilities as per Statement of financial position			
Financial liabilities			
Trade and other payables	**28,981**	**28,909**	**5,762**

Financial risks have been included within Principal risks in the Strategic report.

Curve OS Limited

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

16. Share capital

Allotted and issued	**Group 31 December 2020 £**	**Company 31 December 2020 £**	Company 31 December 2019 £
16,525,191 (2019: 16,017,276) Ordinary shares of £0.0001 each	**1,653**	**1,653**	1,602
2,572,896 (2019: 2,572,896) A Ordinary shares of £0.0001 each	**257**	**257**	257
2,913,428 (2019: 2,913,428) A1 Preferred shares of £0.0001 each	**291**	**291**	291
7,823,251 (2019: 7,823,251) A2 Preferred shares of £0.0001 each	**782**	**782**	782
7,152,800 (2019: 7,152,800) A3 Preferred shares of £0.0001 each	**715**	**715**	716
7,616,414 (2019: 6,476,246) B1 Preferred shares of £0.0001 each	**762**	**762**	648
432,328 (2019: 432,328) B2 Preferred shares of £0.0001 each	**43**	**43**	43
857,449 (2019: 857,449) B3 Preferred shares of £0.0001 each	**86**	**86**	86
5,760,409 (2019: nil) C1 Preferred shares of £0.0001 each	**577**	**577**	-
1,819,505 (2019: nil) C2 Preferred shares of £0.0001 each	**182**	**182**	-
272,925 (2019: nil) C3 Preferred shares of £0.0001 each	**27**	**27**	-
As at period/year end	**5,375**	**5,375**	4,425

Share capital represents the issued and fully paid up equity share capital of the Company. The consideration received for shares issued during the year was £58,161k.

Except as otherwise provided in the Company’s articles of association, the A Preferred Shares, the B Preferred Shares, the C Preferred Shares, the Ordinary Shares, the Ordinary A Shares, the Ordinary B Shares and the Hurdle Shares rank pari passu in all respects but shall constitute separate classes of shares. All shares have full voting (except the Ordinary B Shares), dividend and capital distribution rights and do not confer any rights of redemption. C preference shares have first priority to full repayment of capital in any return of assets on liquidation, reduction of capital or otherwise.

Curve OS Limited

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

17. Share based payments

The Company operates an equity-settled share-based remuneration scheme for employees. The Company has a share option scheme for most employees (including directors).

The employee options are subject to continual employment with the Company. The options are exercisable between £0.0075 to £4.0815 per share.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Company before they vest.

	Weighted average price 2020	**Number 2020**	**Weighted average price 2019**	**Number 2019**
Outstanding at beginning of year	0.256	3,679,885	0.171	1,618,089
Granted during the year	0.347	1,014,028	0.293	2,826,571
Forfeited during the year	0.291	572,046	0.248	509,205
Exercised during the year	0.168	474,311	0.136	255,570
Outstanding at end of year	0.305	3,647,556	0.256	3,679,885

Of the total number of options outstanding at the end of the year, 2,228,641 (2019: 865,312) had vested and were exercisable at the end of the year with a weighted average exercise price of £0.286 (2019: £0.177).

The Black-Scholes option pricing model was used to value the equity-settled share-based payment awards as it was considered that this approach would provide an accurate estimate of the fair value of options granted. The significant inputs to the model included the following:

- Interest free rate – range from 0.21% to 2.05%
- Expected volatility 40%
- Exercise price – range from £0.0075 to £4.0815
- Expected dividend yield – nil

The total share-based payments charge for the year was £848k (2019: £475k).

18. Related party transactions

There are no related party transactions other than remuneration paid to directors which is disclosed in note 5.

19. Post balance sheet events

Post balance sheet events

The key events that have occurred since the period end are as follows:

- In July 2021, received £9m crowdfunding proceeds.
- In August 2021, the company engaged in dispute discussions with a software supplier, for which given the early stages it is not possible to accurately estimate any potential outcome.
- On 1 September 2021, Curve obtained its consumer credit licence from the FCA, through Curve Credit Limited.
- On 6 September 2021 Curve Acquiring DAC, a dormant subsidiary of Curve OS LTD, was voluntarily struck off the register at the Companies Registrations Office in Ireland.
- In Q3 2021, BOL granted Curve the permissions to issue credit in Lithuania, under Curve Europe's EMI licence, and to engage in insurance distribution activities across the EEA.

The above events are treated as non-adjusting post balance sheet events. There have been no other material post balance sheet events.