

Curve UK Limited
Company Number: 09523903

Curve UK Limited

(formerly Curve OS Limited)

Annual report and consolidated financial statements for the year ended 31 December 2021

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Curve UK Limited

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Curve UK Limited

Directors and advisers

Directors

Shahar (Shachar) Bialick
Scott Weller

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
Temple Quay
Bristol
BS2 0FR
United Kingdom

Notes

On 16th December 2021, Curve undertook an intragroup reorganisation of Curve UK Limited (the "Company") and its subsidiaries involving the insertion of new holding companies (being Curve OS Holding Limited and Curve OS Group Limited). The ultimate parent company of Curve UK Limited as at 31 December 2021 is Curve OS Group Limited which was incorporated on 14 September 2021. Following the corporate reorganisation, Curve OS Group Limited and all its subsidiaries are collectively known as "Curve". For the purpose of these consolidated financial statements, Curve UK Limited, Curve Europe UAB, Curve Credit Limited and Curve US Inc. (together, the "Group") are considered. Throughout these financial statements we refer to Curve UK Limited which was formerly Curve OS Limited from 28 January 2020 to 13 December 2021.

For the year ended 31 December 2021, the Company's subsidiaries are entitled to exemption from audit under section 479a of the Companies Act 2006 relating to subsidiary companies. The subsidiary that is entitled for this exemption is Curve Credit Limited (12464458).

As a result of the reorganisation, there was no change to the ultimate controllers of Curve and no effect on the ultimate controllers' holdings, voting rights or control. The underlying operations and activities of the Group remain unchanged by this reorganisation.

Curve UK Limited

Strategic report for the year ended 31 December 2021

What is Curve?

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

Curve was founded in 2015 to address two cyclical trends in personal financial services:

1. New fintech entrants and product fragmentation, especially in decentralised finance, created a proliferation of choice that has caused complexity and opacity, overwhelming consumers;
2. Consumers demand a single point of highly-personalised entry into this fragmented market - a result of the "Amazon effect" .

Curve responded with a core product that empowers consumers to manage all their financial needs through an elegant UX. Consumers can register multiple credit and debit cards, bank accounts, and loyalty accounts, and use them all through a physical Curve card or SuperApp. This empowers customers to control their financial lives, reduce their debt, and earn more rewards (and, eventually wealth) centralising their many financial products into a single point of entry.

Since its public launch in 2018, Curve has added complementary products. For example, we recently introduced Crypto Rewards with the ultimate goal of merging DeFi with traditional finance. Our Go Back In Time® product lets consumers seamlessly switch historical payments from one underlying account to another, with a single swipe. We also offer Curve Flex, a unique borrowing experience whereby historical transactions made on any Curve-connected underlying account, and with any merchant, can be refinanced into BNPL-type loans.

Because Curve has full-spectrum insight into our customers' activities across multiple accounts, we enjoy remarkable visibility that allows us to launch a wider range of products. It also creates robust barriers to entry: we've built deep regulatory knowledge and rewritten the payment scheme rules that gatekeep global payment flows. We've also created proprietary PayTech capabilities that embed Curve in the end-to-end payment flow, giving us unique data and technological advantages. Our model is highly defensible and we continue to enjoy a distinct first-mover advantage.

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Curve at a glance

Curve is a truly global player.

We are live in 32 markets:



Since 2018



Since 2019



Since 2022

As of April 2022 £170m raised:



Some **key performance indicators** comparison between 31 December 2021 and (unaudited) as at period ending 30 September 2022

	Year ending 31 December 2021	(Unaudited) Period ending 30 September 2022
Full time employees:	430	210
Scale:	3.3 million customers ⁴	4.1 million customers
Quality:	\$2,369 monthly spend per mature metal ⁵	\$2,855 monthly spend per mature metal
Growth:		
Customers from Jan 2020	3.8 x growth	4.8 x growth
Revenue growth from Jan 2020	2.5 x	2.9 x

⁴ Unique customers who signed up for an account with Curve. This definition applies to any reference to customers in this document.

⁵ Defined as a Curve metal card user for longer than 24 months

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Our Board of Directors

Shachar Bialick – Chair, Founder and CEO

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

Scott Weller – Director, Chief Financial Officer

Scott spent six years in strategic finance at PayPal and started his career with BlackRock's Private Equity Group in San Francisco and Tokyo.

Post re-organisation, the previous Non-Executive Directors have resigned and have been appointed alongside Shachar, to the ultimate parent company's board of directors:

Our Executive Team

Shachar Bialick: Chief Executive Officer

Scott Weller: Chief Financial Officer

Eric Molitor: Chief Technology Officer

Paul Harrauld: Chief Information Officer

Gagan Bhatia: General Manager Europe

Norberto Alvarez Vitale: Chief Operating Officer

Alistair Houghton: General Counsel

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Founder's Review

I could not be prouder of how much we accomplished in 2021, including the launch of our beta product in the US and releasing Flex, in the UK, our responsible lending experience. The ambitions we have been working towards have finally been realised and are ready for scaling. We have more than doubled our customer base to more than 4 million customers (3 million as of end of 2021) and have made significant improvements to our processes and controls. It is an exciting time for Curve as we continue to scale our business and deliver value to our customers. We are ending 2021 in a strong position with *a broad and developed product. Further enhancement in 2022 will tie the existing Curve offering together*, as we clearly position ourselves as the leading financial superapp for the EEA, UK, and US.

Learning from 2021

Curve experienced significant hiring and growth in 2021 and some of our organisational systems were not ready for this change, exacerbated by the extended virtual working environment as a result of the Covid-19 pandemic. In response to this challenge, in June 2021, we implemented 'Amp It Up' which is a cross-company activity focused on our culture of execution and operational excellence by increasing the focus, intensity and standards of work. We focused on creating new working systems to improve our Planning, Organisation, Leadership and Control systems, empowering our people to deliver great work. This is something that will always be a focus for Curve as we continue to navigate hybrid working and high-scale growth.

Celebrating our achievement

Customers: In 2021 customer increased by 1.5 million customers to a total of 3.3 million and saw almost £2 billion gross value transaction on the platform. With a 47% year on year increase of revenue we also distributed more than £1.8m of cashback which means our customers know that Curve is the most rewarding way to spend.

Partnerships: Curve is always on the hunt for companies facing challenges with the payments ecosystem which it can add unique value. We aim to leverage our unique technology and build partnerships with established brands in order to delight our customers. Our strategic focus on partnerships continued to bear fruit in 2021 and we launched several new major distribution partners with the likes of Swatch, Garmin and Huawei.

Series C: In February 2021, Curve secured £67.5m (c. \$94m) in Series C fundraising. This was led by IDC Ventures, Fuel Capital and Vulcan Capital (the investment arm of Microsoft co-founder and philanthropist Paul G. Allen), with participation from Fuel Ventures, OneMain Financial (a US Personal finance company) and Novum Capital Partners. Amid economic recession and volatility, this fundraising was 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 which, at the time, was the largest-ever equity raise on the Crowdcube platform. We were pleased to welcome 10,562 shareholders, the majority of which are existing customers.

Curve Flex: With FCA authorisation, we launched our go-back-in-time and pay later functionality allowing customers to split past transactions within a year into instalment loans. Flex gives customers complete control in designing and amending their loan to create a truly differentiated offer in a crowded market. We support our customers in managing their cash flow, reducing their borrowing costs, and allowing early repayments.

US Launch: Launching our product into the US has been a dream that was five years in the making. By launching in the UK and EEA first, we developed relationships with the networks and established the regulatory precedents to successfully passport Curve's product to the US. Throughout 2021 we devoted engineering resources to the US product teams to deliver a fully functional product by the end of the year. In 2021, access to our beta release enabled us to fully test and tweak our product, with scaling across our sizeable waitlist in 2022.

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Founder's Review (continued)

Market Conditions 2022

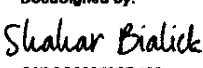
In light of changing market conditions in the first half of 2022, we moved quickly to reposition the business to meet the challenges ahead. The leadership team undertook a strategic review of our organisation and value proposition, the expected outcome of which reduces our capital requirements and accelerates our path to profitability. Sadly, a number of colleagues were impacted by the difficult decisions that were taken as we reduced our headcount. However, with a rejuvenated product roadmap and renewed focus on execution and business fundamentals we are excited about our prospects for the remainder of the year.

Looking ahead - our focus in 2023

We have bold plans for 2023 and beyond. We have retained a strong team with remarkable talents at the helm. In June 2022 we restructured our organisation around five product teams focused on driving value to the customer and enhancing profitability. The free Curve card offer is important to our customers, our strategy and our mission, and we've fought hard to keep it. At the same time we have introduced new value proposition with a low-cost subscription tier named Curve X, which maximises the core benefits of Curve for an affordable price.

We are committed to our mission of building the most radically customer-focused financial app in the world. In the near future, you can expect more life-automating Smart Rules, open-banking support, sharper insights and a wildly improved app interface. We plan to continue our growth trajectory in the UK and EEA, whilst scaling our Curve Flex proposition and our US business. Activation of customers will remain a key focus for our business to ensure that we truly bring value to our customers and systematically reduce friction and negative experiences.

Finally, I am blown away every day by the effort and love that our people put into improving our customers' lives and making Curve a wonderful place to work each day. I feel very lucky to have such dedication as we continue to scale the business.

DocuSigned by:

C0DCC38673BD452...
Shachar Bialick
Founder and CEO

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Our Business Model and Strategy

Our proposition?

Curve is building towards the inevitable outcome in the Banking industry. Our mission is to shape the future of personal finance by unifying and simplifying it all into one single platform: an OS for Money.

The Curve card is issued to customers as a Mastercard debit card. Our customers can then connect their debt 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 from a single interface. 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, Swatch), 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 / UK, our customers can switch past payments from one card to another, 30-90 days (dependant on subscription model) after the payment was made, managing their finances more flexibly and with much greater control.
- **Zero Fx:** thanks to Curve's unique Layer 3 (over-the-top) positioning, Curve customers are able to use their credit cards abroad as if they are at home, eliminating the Fx fees they would otherwise be charged by their banks. With Curve, customers don't need to choose between accessing their credit card's benefits to saving money on Fx using an alternative Fx card; Curve customers using they cards they love and trust, and never need to worry about currency conversion or fees, enabling our customers to keep earning their credit card's benefits such as rewards and credit line, with Zero Fx.
- **Flex:** customers are able to go-back-in-time up to a year ago and split past purchases into future instalments. While this product is similar to existing buy-now-pay-later products on the market, in terms of offering and interface, 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 Curve, at any merchant that accepts Mastercard, anywhere in the world.
- **Fronted:** customers can pay their bills (rent, taxes, etc) with their credit cards thanks to the Curve card.
- **Rewards:** with Curve, customers can earn cashback when shopping from selected retailers, and that is on top of any cashback they would otherwise get from their own bank / credit card
- **Anti-Embarrassment:** customers can enable Anti-Embarrassment Mode whereby they would never experience a decline. Curve which has a view and access to all their finances is able to stand in and approve transactions with another card, even if the card is chosen to pay with is declined by the bank. .

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Our Business Model and Strategy (continued)

- **Smart rules / Auto Pilot:** customers can create spending rules that automatically apply to underlying funding cards to maximise rewards, reduce borrowing costs and create simplified and unified spending without manual intervention.

While Curve aims to maintain a free product, it provides three 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 three channels:

1. **Card Transactions:** Curve earns interchange income from each card transaction it executes as an issuer (at the purchase stage of a Curve transaction). Curve incurs interchange costs. Subject to UK and EEA regulations on Interchange Fees, interchange income varies per transaction, depending on where and how the Curve card is used. Considering Curve's unique Layer 3 positioning, Curve is de facto the top card of our customers, which means customers are making majority of their spend via the Curve card, which naturally drives high Gross Transaction Value from each Curve customer, which impacts our revenue.
2. **Premium Subscriptions Income:** Curve collects subscriptions on its paid plans on a monthly or annual basis.
3. **Curve Platform:** this is the biggest and most nascent revenue opportunity for Curve. As a platform, Curve 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 Flex, Fronted fees, Weekend FX charges and other revenue streams not related to interchange and subscriptions fees.

Our Strategy

The core payment capabilities we have developed allow us to embed our product and brand into our customers' lives. We are currently focused on scaling Curve's operating system through adding new experiences and functionality to help customers manage their end-to-end finances. As we enhance our value proposition, we aim to grow customer engagement and attract new customers from new acquisition sources. We are on a journey to become the 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 to:

- Rapidly grow, specifically in the US market, through acquiring more customers and driving engagement;
- Scale and diversify our revenues by expanding geographically and developing products and benefits that feed into the flywheel effect and bring new sources of income with higher margins; and
- Drive 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 shareholder value.

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Business Highlights

New Products and Features

Curve Flex: With FCA authorisation, we launched our novel go-back-in-time and pay later functionality allowing customers to split past transactions within a year into instalment loans. Flex gives customers complete control in designing and amending their loan to create a truly differentiated offer in a crowded market. We support our customers in managing their cash flow, reducing their borrowing costs and allowing early repayments.

US Launch: Launching our product into the US has been a dream that was five years in the making. Through launching in the UK and EEA first we developed relationships with the networks and established the regulatory precedents to successfully passport Curve's product to the US. Throughout 2021 we devoted engineering resources to the US product teams to deliver a fully functional product by the end of the year. In 2021, access to our beta release enabled us to fully test and tweak our product with scaling across our sizeable waitlist in 2022.

Curve Rewards: Curve differentiates itself from other payment forms in the UK and EEA by offering a "Double Dip rewards" – a rewarding cashback scheme on top of our customers' underlying cards' rewards. *To enhance this offering, we have partnered with thousands of merchants to offer additional rewards.* Curve now offers a rotating selection of one-off opportunities to earn cashback from top brands like Amazon Fresh, Five Guys, Selfridges and many more. The best part is that the selection is smart. It responds to spend patterns to make sure our customers are seeing the best rewards - not just a clutter of random offers they won't use.

Crypto Rewards: In 2022, we successfully launched a product which allows customers to earn their rewards from Curve in a selection of Crypto currencies. The product addresses Crypto Curious audience, who wish to have a 'taste' of the new world of money, yet don't wish to be on risk. The product also allows customers to pay with the Crypto they've earned anywhere the Curve card is accepted, regardless whether the merchant accepts Crypto or not.

Network integration: In August 2021, we made it even easier for customers to consolidate their wallets by adding integration with Discover / Diners cards. This was an essential development to ensure customers prioritise Curve for all their spend and increase the appeal of our product offering in the US, supporting our growth ambitions.

Smart Rules: In 2022, we successfully launched our product to allow customers to create spending rules that automatically apply to underlying funding cards, which means simplified and unified spending. Not only are transactions in a single place, our customers no longer need to think about allocating them to the right card, resulting in optimisation of rewards and reduction of borrowing costs. Combined with the patented go-back-in-time technology, we are helping customers seamlessly manage all of their finances.

Customer Growth

2021 saw continued external challenges as a result of an economic downturn caused by the global pandemic and sustained virtual working environments. Curve enjoyed success across our growth metrics with the customer base growing by 76%, adding over 1.5m customers of which 80% were acquired through owned non-paid channels (organically, through word-of-mouth, referrals and partnerships).

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Financial Highlights

Our business recorded impressive growth in 2021 as we continued to scale, expand our product capabilities and enter new markets. The total volume of payments processed by the Curve platform expanded by 65% in 2021, despite the market backdrop, driven by strong performance across our customer acquisition channels and improved customer life-cycle metrics. We grew revenue by 47% to £14.6m and recorded significant margin expansion through improved unit economics. Customers continue to recognise the value in our premium offering which reflected a third of our revenues.

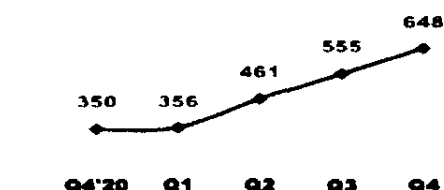
REVENUE (£ m)

£14.6m up 47% YoY



GTV

£2.019 m 65% YoY



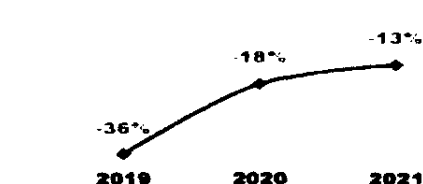
Gross Loss

£1.8m up 6% YoY



Gross Margin

(13%) +5% YoY



Loss before Income Tax

£59.2m losses have increased by 69% YoY



Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Our approach to Risk Management

Who regulates us?

Curve UK Limited operates under an electronic money institution licence and Curve Credit Limited operates under a Consumer Lending licence, both issued by the FCA. In the EEA, our electronic money institution licence is issued by the Bank of Lithuania ("BoL") and that licence enables us to trade across the EEA. This includes offering credit to cover payment transactions across the EEA. In the US, we offer services through a partnership with Hatch, our Issuer Bank, who holds the relevant licences required to operate in each state where we do business.

Control as we grow at pace

Curve understands that effective risk and compliance controls at Curve are fundamental for a regulated business. We recognise reliance on our systems, third party relationships, and the points of failure these can create and the critical need to build, assess, and iterate our controls infrastructure to manage this, consistent with regulatory expectations and norms. Operational resilience remains of top importance to Curve and our regulators, and we expect to continue to face increased regulatory scrutiny in this area. We continue to mature our approach to risk management, in line with the scale and complexity of our business activities.

Managing risk across multiple jurisdictions

Throughout 2021, we developed the risk and compliance function under the senior leadership of experienced leaders from regulated financial services environments. Expertise exists across risk and compliance with experts 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 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

Principal risks	Mitigation Strategy
<p>Strategic Risk</p> <p>The risk that Curve's strategy and business model is not sustainable in the competitive landscape, or that Curve fails to achieve the growth targets set.</p> <p>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.</p>	<ul style="list-style-type: none"> • The Company has an experienced Board and leadership team to oversee strategic issues as they arise. • Curve maintains a close and proactive relationship with payment networks and schemes and has appropriate business processes and controls to ensure compliance with payment card network rules. • 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.

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Our approach to Risk Management (continued)

Principal risks	Mitigation Strategy
<p><i>Execution Risk</i></p> <p>The risk that Curve does not achieve its strategic road map and does not hit growth or diversification commitments.</p>	<ul style="list-style-type: none"> • Curve has a clearly defined Board approved strategy which is agreed and updated every 6 months due to the pace of growth and changes in the markets. Performance against that strategy is closely monitored as we set ambitious goals for ourselves, and all staff understand that delivering results is critical for our success. • In July 2021, Amp It Up was launched to embed a bold, focused and, high-intensity culture of performance to reduce execution risk.
<p><i>Conduct and Operational Risk</i></p> <p>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.</p>	<ul style="list-style-type: none"> • Curve has clear policies and procedures covering governance, people, systems, data and security. These are tested through an annual Compliance Monitoring testing programme. • Business continuity and disaster recovery plans are in place and are 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 exists in house with the Head of Information Security and an external Data Protection Officer who continue to 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.
<p><i>Financial Risk</i></p> <p>The risk that Curve has insufficient cash resources to meet its financial obligations and capital requirements as they fall due.</p>	<ul style="list-style-type: none"> • 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. • Customer funds are safeguarded as per regulatory requirements

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Our approach to Risk Management (continued)

Principal risks	Mitigation Strategy
<p><i>Macroeconomic Risk</i></p> <p>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 economic implications for world economies and employees.</p>	<ul style="list-style-type: none"> • Curve's business model benefits from secular tailwinds such as increasing penetration and fragmentation of digital payments, as seen in strong GTV performance during and following the COVID-19 pandemic; our customer positioning and high engagement levels offers insulation from shifting customer behaviour during economic cycles, e.g. shifts from debit to credit and across retail verticals within the Curve platform. • The impact from shifts in macroeconomic trends is closely monitored by the board and executive team to manage the overall risk profile of the company, and informs quarterly strategic prioritization in, for example, the balance between growth and monetization initiatives.
<p><i>Financial Crime Risk</i></p> <p>The risk that Curve's service is used for criminal activities.</p>	<ul style="list-style-type: none"> • 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.
<p><i>Credit Risk</i></p> <p>Risk of default on credit products by borrowers</p>	<ul style="list-style-type: none"> • 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.

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Engaging with Stakeholders

Curve understands that our long-term success as a business depends on building and maintaining successful relationships with our stakeholders. When making business decisions, the Board is mindful of its responsibilities under Section 172 (1) of the Companies Act 2006 to promote the long-term success of the Company having regard to its range of stakeholders, and especially our customers through its consumer duties.

Our customers: the customer is at the heart of everything that we do at Curve. We recognise that customers buy experiences, not features, and we work hard to impact our customers' lives, earn their trust, and create delight. Having a customer-led mission means that decisions are made with significant consideration to this stakeholder group. The decision to migrate to new support system combined with the introduction of an outsourcing partner allowed for greater scalability and flexibility which contributed to an enhanced experience for our customers.

Recognising the challenges faced by some of our customers during 2021, as a result of Covid-19, Curve implemented training for all CX members of staff to ensure we are quickly recognising vulnerable customers and providing appropriate practical support. We recognise that there is always more we can do to support our customers and are committed to continually improving the support we provide to vulnerable customers.

From a product perspective, delivering on experiences that truly increased value for our customers experience was our focus. We improved the process for EEA users who needed to provide KYC documents after onboarding. We reduced customer confusion around declined payments by amending our messaging and we improved the way we implemented our contactless payment limits to reduce the frequency of customers unexpectedly having to use chip and pin.

Our people: Curve is focused on attracting, retaining and developing Curvers and is committed to employee wellbeing for all our people.

One of our key principles is that we hire and develop the best, raising the bar with every hire and promotion, and recognising the exceptional talent across Curve. There is significant focus on creating a culture that enables and empowers all people to build and be part of a great team. A core part of this is the Keeper's Principle which continually assesses the contribution and impact of each individual employee and aims to provide regular feedback, development, and reward. This mindset encourages all employees to become the best version of themselves on a continual basis.

We aim to support our people in their professional development and growth, and in 2021 each employee received a training budget and 10 days leave for training and conferences. In addition, throughout 2021, Curve implemented career development frameworks to provide structure and clarity as our colleagues progress with their chosen career. In response to feedback from Curvers, leadership development has been prioritised with the introduction of a Future Leaders Programme and mentoring for managers.

Most employees continued to work remotely throughout 2021 and to provide employees with a dedicated and robust support system, 17 Curvers participated in a certified mental health first aider training program. Curve also utilises an employee assistance programme, YuLife, a resource that provides specific support around professional and personal challenges including working from home, wellbeing and stress management.

On a monthly basis, during the company wide All Hands, there is recognition and celebration for employees who demonstrate our Leadership Principles, in addition to the use of day-to-day recognition on our Kudos Slack channel which fosters an environment of regular recognition and appreciation.

In 2022, Curve implemented Peakon which is an employee engagement platform so we can consistently and transparently engage with our people and develop team-specific and company-wide action plans in response to feedback from our people.

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Engaging with Stakeholders (continued)

Our shareholders and investors: we are committed to openly engaging with our shareholders and investors to recognise the importance of a transparent and frequent dialogue. Contact between the Board and major investor groups is maintained through observers and investor-appointed members who attend board meetings and contribute to the strategic decision making at Curve. Throughout 2021, regular investor calls were held covering financial performance and strategic business development, in addition to investor reporting to our larger investors which is completed at regular cycles through the year.

Our suppliers: At Curve we work closely with leading players across the payments ecosystem and build our relationships on mutual trust and collaboration. Each vendor has an internal relationship manager who is responsible for the day-to-day management of the relationship and our most critical vendors meet regularly with senior leadership at Curve for engagement on strategic activities.

Our regulators: Curve values the opportunity to engage with governments and regulators and our primary goal is to ensure that we continue to operate responsibly in a stable and supportive regulatory environment. We are committed to building our reputation as a go-to voice in the payments industry and we prioritise our efforts across the UK, EEA and US markets to drive maximum impact for our customers. Throughout 2021, Curve has engaged in dialogue with various trade associations and policymakers. Notably, we attended a visit to Downing Street to share our thoughts on further strengthening the UK IPO and investment landscape and responded to Public Consultations in the EEA and UK on relevant issues such as Stablecoin regulation and Payments Competition.

Curve is committed to responsible business practice and considers the consequences of decisions in the long term.

Business conduct: Curve operates in a regulated environment and embraces the rigour this brings to our business. Compliance with all relevant regulations is vital and we hold all Curvers accountable to high levels of integrity and ethical behaviours. Employees are required to complete appropriate mandatory training for their role on an annual basis and Curve introduced a new training platform in 2022 to drive success.

Performance and Amp It Up: Curve is committed to embedding a culture that will deliver long-term success by focusing on operational excellence. In July 2021, Amp It Up was launched to embed a bold, high-intensity culture of performance. As part of this, we moved to a localised approach to allow dedicated focus for our customers across the UK, EEA and the US markets. This culture of excellence ensures we provide customers with the best possible service, optimisation of costs and creates a platform for our employees to be successful.

Long term decision making: Curve's board of directors and its committees consider the long-term potential consequence of any decision on its stakeholder groups. Reporting is provided at board and committee level to allow directors to make informed decisions and consider the impact of those decisions against our key stakeholder groups.

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Governance at Curve

Board of Directors

Our Board is composed of experts in the payment industry and in scaling companies, with wide-ranging connections to help Curve achieve our strategic goals. They have overall responsibility for good risk management and internal controls systems and set the strategy of our business while maintaining appropriate governance standards. The board makes sure that together we understand, acknowledge, and meet the obligations to all our stakeholders.

In 2021, our board was composed of three investor non-executive directors (Michael Burns, Roberto Aitkenhead and Daniel Thomas Bradley), two non-executive directors (Cuong Do and Anju Patwardhan) and one executive director, Shachar Bialick (CEO). Throughout this period, Daniel Thomas Bradley took an active role as Co-Chair to provide further support to Shachar and the wider board of directors. Following the intragroup corporate reorganisation on 16 December 2021, the Directors resigned from their director positions at Curve UK Limited and were immediately reappointed as directors of Curve OS Group Limited. At today's date, Shachar Bialick and Scott Weller are directors of Curve UK Limited.

The Board reviews and approves the Group's strategic business plans twice a year to ensure that Curve's focus is fit for purpose as we continue to operate in a rapidly changing environment. Once approved, at each board meeting there is close monitoring against the agreed KPIs to ensure that the Board is able to make informed decisions considering the interests of various stakeholders, the consequences of its decisions in the long term and the Group's long-term reputation.

Board Meetings

Our Board meets on a monthly basis to review performance, strategy, and risk and each meeting has a defined agenda developed jointly with the CEO, co-Chair and Company Secretary. A typical agenda will focus on operating and financial performance and any risk, legal or governance issues that might be relevant. Time will also be dedicated to one or two areas of particular importance, such as new markets or product types.

On a quarterly basis, the Board holds extended face-to-face meetings to allow for in-depth strategic discussion and deep-dive sessions, which are presented by Curve leadership. The in-person sessions were subject to Covid-19 related travel restrictions in 2021 but the board were able to meet in person twice, once in London and once in New York.

During board meetings, members of the Executive Team and Leadership Team are invited to present on topics covering all aspects of the business including financial performance, operations, products, people, compliance and technology. This is to ensure that Directors have the relevant oversight and information to make informed decisions.

Key decisions our Board made in FY2021:

- Approval of our H1 and H2 2021 strategy;
- our series C and crowdfunding raise;
- the establishment of the Audit Committee;
- the establishment of the Board Risk Committee;
- our corporate reorganisation and venture debt facility
- the launch of Curve Flex; and
- the launch of Curve in the US.

In 2021, our Board held deep dives into our strategy and product launches, our approach to Curve Flex and responsible lending and growth across our UK, EEA, and US markets. Going forward, the Board

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Governance at Curve (continued)

will continue to drive the long-term success of Curve by supporting future fundraising activities, a path to profitability and driving continued operational resilience.

Our Board delegates some of its authority to the Audit Committee, Risk Committee and Remuneration Committee. The day-to-day running of the business is delegated to the CEO, supported by the Executive Team (ET).

Even though Curve is not required to follow the UK Corporate Governance Code 2018, nor the Wates Principles for Private Companies, governance is taken seriously, and a number of initiatives have been undertaken in order to strengthen the governance framework within Curve and reflect the complexity of our regulated environment:

- The establishment of the Board Risk Committee and the Audit Committee;
- The establishment of a company secretarial function and appointment of Alistair Houghton as Company Secretary;
- The refresh and implementation of the Group-wide delegation of authority;
- Daniel Thomas Bradley acting as co-Chair to the Board of Directors for Curve OS Group Limited; and
- Director and Officer training (for all jurisdictions and directors).

We are continuing to assess and improve the governance framework and subsidiary board structure globally to ensure continuity and cohesion across the Group.

Curve UK Limited

Strategic report for the year ended 31 December 2021 (continued)

Streamlined Energy and Carbon Reporting ("SECR") Statement

The below statement contains Curve's annual energy consumption, associated relevant greenhouse gas emissions, and additional related information as required under the Directors' Report and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Curve takes sustainability seriously and welcomes the opportunity to focus on environmental, social and governance initiatives.

	1 January 2021 – 31 December 2021
On-site combustion kWh	0
Purchased electricity kWh	167,386
Transport fuel kWh	0
Total Energy kWh	167,386
Scope 1 Emissions (tCO ₂ e)	0
Scope 2 Emissions (tCO ₂ e)	35.54
Scope 3 Emissions (tCO ₂ e)	0
INTENSITY RATIOS	
tCO ₂ e per £m revenue	2.44

Methodology


The emissions and energy data noted above has been collated, calculated and presented using the methodology set out in WRI / WBSCD The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), March 2004, including separate guidance on Scope 2 and Scope 3 emissions.

Energy efficiency actions taken

This is our first year of measuring and reporting our carbon footprint. We have reported on scope 2 indirect emissions for the electricity use in our UK-based offices (London and Bristol) and have spent time understanding and analysing our position so that we can start to develop a comprehensive ESG policy that is fit for purpose for our business and approach to working with our stakeholders. In future years, we will look to work with our key suppliers to disclose any upstream or downstream emissions on a voluntary basis.

As a company, all of our buildings operate with lighting controls to switch off lighting in non-occupied areas and recycling points are available. We utilise electronic signature as far as possible to minimise our printing and paper wastage to reduce the impact on the environment.

This report was approved by the Board on 22 December 2022 and signed on its behalf by:

DocuSigned by:

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Shachar Bialick
 Director

Curve UK Limited
Directors' report for the year ended 31 December 2021

Directors' Report

The directors present their report and audited consolidated financial statements of the Group for the year ended 31 December 2021.

The results for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020, have been prepared under the United Kingdom Generally Accepted Accounting Practices (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). The consolidated loss for the year after taxation was £55.0m compared to FY2020: £34.5m.

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

In April 2021, HMRC opened an enquiry in Curve UK Limited's research and development tax credit claims for the periods ended 31 October 2018, 31 December 2019 and 31 October 2019. HMRC issued a final closure notice on 28 March 2022 and confirmed that no amendments were required to be made to the Company Tax Returns for the relevant periods. As a result, HMRC released the payable R&D tax credit for the period ended 31 December 2019 and 31 October 2019 to the amount of £1,426,638 on 26 April 2022.

Curve UK Limited, with the support of its research and development tax advisers GrantTree Limited, subsequently filed an amended Company Tax Return for the year ended 31 December 2020 to include the research and development tax claim on 31 March 2022. The claim included eligible research and development expenditure to the amount of £6,277,296. This resulted in a payable R&D tax credit of £2,093,478 which was received in July 2022.

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 on financial and economic factors that impact the performance of the Company, consulting them regularly through weekly 'Be In The Know' meetings, monthly 'All Hands' sessions and bi-weekly company-wide engagement surveys, so that their views and interests can be taken into account when making decisions that are likely to affect them.

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. Where existing employees become disabled, it is the Company's policy to provide continuing employment where practicable and in the same or an alternative position and to provide appropriate training to achieve this aim.

Dividends

No dividends have been paid or proposed during the year (2020: £nil).

Related party transactions

In December 2021, the Curve Group completed a group reorganisation. As part of this, Curve OS Holding Limited ('COHL', a newly established company which did not form part of the Group until that date) and its direct subsidiary, Curve UK Limited, entered into a Development Agreement on 17 December 2021.

Curve UK Limited
Directors' report for the year ended 31 December 2021

Directors' Report (continued)

As per the agreement, COHL owns any new intellectual property ("IP") generated by the Curve Group. Curve UK Limited continues to perform the research, brand and strategy development activities of the

Group but is subcontracted by COHL to do so and remunerated for this activity. The newly developed IP is situated on the balance sheet of COHL. COHL owns any new IP, whereas Curve UK Limited continues to own the historically generated IP.

As per the agreement, Curve UK Limited received a remuneration to the amount of £1,624,991 for the services provided as per the Development Agreement. The Group received £3,857,781 from the ultimate parent company's investors. No further transactions with related parties were undertaken by Curve entities (2020: £nil).

Future outlook

The directors are confident of the future performance of the Company. Curve continues to deliver positive 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 twelve 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 undertook stress testing considering capital and liquidity positions, economic and market conditions, and possible management actions.

Curve will continue with its ambitious investment strategy which relies in part on external fundraising, maturing its business in the UK and EEA with continued scaling in the US. Given the high level of execution in this scenario, and Curve's unique offering and IP, this would result in a high likelihood of securing the proposed fundraising.

The stress testing also included a severe but plausible scenario that assumes less success in securing the proposed fundraising due to market conditions. In this scenario, due to the discretionary cost levers available to management at any point in time, shortfalls in fundraising are able to be meaningfully offset. The directors have established a mechanism to monitor the success of its investment strategy to identify when actions are required, ensuring the continuity of the entity as a going concern. However, management note that further capital injections within twelve months from the date of the signing of these financial statements are required in order to continue realising its assets and discharging its liabilities in the normal course of business, and as such continue as a going concern, in both its base case forecast and the severe but plausible scenario.

As a result, the directors concluded it remains appropriate to continue preparing Curve's financial statements on a going concern basis but note the material uncertainties related to future fundraising due to market conditions. While the directors recognize that the existence of a material uncertainty may cast significant significant doubt about the company's ability to continue as a going concern, they remain confident that given the extent and viability of 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 in 2020, Curve's fundraising capabilities have been exemplified in successfully raising over £100m, including a record-breaking Crowdfunding campaign which closed in May 2021, and additional new

Curve UK Limited
Directors' report for the year ended 31 December 2021

Directors' Report (continued)

investment from existing and new investors in 2022. Curve continues to be in advanced discussions with prospective investors, including institutional funds, strategic investors, and commercial partners.

We continue to grow and adapt. Our transaction volume increased by over 65% in 2021, which is a testament to our brand and value proposition 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 market expansion.

We remain resilient as an organisation. During 2021, our customer-centric and united team delivered outstanding achievements in the face of the enormous challenges brought by the wake of the pandemic and Brexit. We continue to develop our 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. This is due in part to a significant portion of Curve's ongoing cost structure being related to discretionary investment towards strategic objectives, so the timing and magnitude of expenditure can be adjusted by management.

Post balance sheet events

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

- In May 2022, the Group launched its US product in beta
- The ultimate parent closed new investment for £20.3 million
- A business restructuring took place Q2 2022 which resulted in approximately 30% reduction of burn rate by October 2022
- R&D tax credits paid by HMRC in Q2 2022 for a total amount of £3.5 million
- In Q4 2022, new terms agreed to fund the purchase of Curve's Flex product with tier 1 bank
- In Q4 2022, the Company signed a new deal with a card network that improves Curve's unit economics
- The invasion of Ukraine by Russia at the end of February 2022 remains a major concern for markets and economies across the world and is a concern for the Company given our reliance on stable markets for future fundraising. There has not, however been any additional significant impact on the Company, but the situation will continue to be monitored by the Board.

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

Curve UK Limited
Directors' report for the year ended 31 December 2021

Directors' Report (continued)

Directors

The directors who held office during the year and up to the date of signing these financial statements are:

- Shachar Bialick
- Daniel Thomas Bradley (resigned 16 December 2021)
- Michael Burns (resigned 16 December 2021)
- Roberto Aitkenhead (resigned 16 December 2021)
- Cuong Do (resigned 16 December 2021)
- Anju Patwardhan (resigned 16 December 2021)
- Nathalie Oestmann (appointed: 16 December 2021; resigned 10 March 2022)
- Scott Weller (appointed 16 December 2021)

On 16th December 2021, Curve undertook an intragroup reorganisation of Curve UK Limited and its subsidiaries involving the insertion of new holding companies (being Curve OS Holding Limited and

Curve OS Group Limited). Following the corporate reorganisation, Curve OS Group Limited is the parent entity of Curve group.

As a result of the reorganisation, there was no change to the ultimate controllers of Curve and no effect on the ultimate controllers' holdings, voting rights or control. Existing management remained *responsible for the day-to-day operations of the Group's business and the directors of Curve UK Limited* at 16th December were appointed to Curve OS Group Limited and subsequently resigned from their director position at Curve UK Limited.

Qualifying third party indemnity provisions

As permitted in 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 year and at the date of approval of the financial statements. The Company also maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Curve UK Limited
Directors' report for the year ended 31 December 2021

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 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 year. 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 and explained in the financial statements;
- make judgments 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 the 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 curve.com. 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:

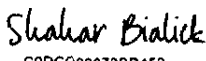
- so far as the directors are aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that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

Curve UK Limited
Directors' report for the year ended 31 December 2021

Independent auditors

Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and, as at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

This report was approved by the Board on 22 December 2022 and signed on its behalf by:

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Shachar Bialick
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CURVE UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Curve UK 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 2021 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, including 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 statement of financial position as at 31 December 2021; the Consolidated and company statement of profit and loss, the Consolidated and company statement of changes in equity and the Consolidated and company statement of cashflows 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Group's and the Company's ability to continue as a going concern. The Group and Company continue to place reliance on external fundraising to support its growth plans and both management's base case and severe but plausible scenarios assume that the Group and Company will obtain significant additional capital injections in the near-term. Further capital injections within twelve months from the date of the signing of these financial statements are required for the Group and Company to remain a going concern but the timing and amount is uncertain. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

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.

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.

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 2021 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 Company, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as 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 and Company 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;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- 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.

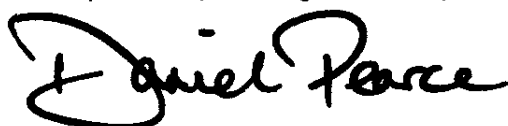
Other required reporting

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 (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
23 December 2022

Curve UK Limited

Annual report and consolidated financial statements for the year ended 31 December 2021

CONSOLIDATED AND COMPANY STATEMENTS OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

		Group	Group	Company	Company
		2021	2020	2021	2020
	Note	£'000	£'000	£'000	£'000
Revenue	3	14,564	9,901	10,729	9,901
Cost of sales		(16,386)	(11,635)	(10,889)	(11,635)
Gross loss		(1,822)	(1,734)	(160)	(1,734)
Administrative expenses	4	(57,181)	(36,157)	(56,122)	(35,616)
Operating loss		(59,003)	(37,891)	(56,282)	(37,350)
Gain on settlement		-	3,016	-	3,016
Finance income	6	-	15	39	15
Finance expense		(173)	(93)	(146)	(93)
Loss before income tax		(59,176)	(34,953)	(56,389)	(34,412)
Income tax credit	7	4,128	440	4,138	440
(Loss) for the financial year		(55,048)	(34,513)	(52,251)	(33,972)

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

The notes on pages 36 to 54 are an integral part of these financial statements. All the activities of the Group relate to continuing operations.

Curve UK Limited

Annual report and consolidated financial statements for the year ended 31 December 2021

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (Company Number: 09523903)

		Group	Group	Company	Company
		2021	2020	2021	2020
	Note	£'000	£'000	£'000	£'000
Assets					
Non-current assets					
Intangible assets	8	565	487	437	487
Property, plant and equipment	9	140	249	139	249
Investments in subsidiaries	10	-	-	1,631	1,051
Loans to customers	11	621	10	-	-
Other Debtors	11	1,041	215	1,041	215
		2,367	961	3,248	2,002
Current assets					
Stocks	12	2,359	1,693	1,577	1,693
Trade and other receivables	13	19,886	4,165	20,653	3,868
Intercompany receivables		-	-	3,774	278
Cash and cash equivalents	14	28,127	64,980	24,813	64,428
		50,372	70,838	50,817	70,267
Total assets		52,739	71,799	54,065	72,269
Liabilities					
Current liabilities					
Trade and other payables	15	29,619	28,594	27,577	28,522
Total current liabilities		29,619	28,594	27,577	28,522
Total assets less current liabilities		23,120	43,205	26,488	43,747
Non-current liabilities					
Other non-current liabilities	17	3,843	2,045	3,843	2,045
Total liabilities		33,462	30,639	31,420	30,567

Continued on page 32

Curve UK Limited

Annual report and consolidated financial statements for the year ended 31 December 2021

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (Company Number: 09523903)

Continued from page 31

		Group	Group	Company	Company
		2021	2020	2021	2020
	Note	£'000	£'000	£'000	£'000
Equity					
Called up share capital	18	6	5	6	5
Share premium account		144,800	112,782	144,800	112,782
Other reserves		2,740	1,565	2,740	1,565
Accumulated losses		(128,239)	(73,191)	(124,901)	(72,650)
Revaluation reserve		(30)	(1)	-	-
Total equity		19,277	41,160	22,645	41,702
Total equity and liabilities		52,739	71,799	54,065	72,269

The financial statements on pages 30 to 54 were approved by the Board of Directors on 22 December 2022 and signed on its behalf by:

DocuSigned by:

Shachar Bialick

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Shachar Bialick
Director

Curve UK Limited
Annual report and consolidated financial statements for the year ended 31 December 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Group		Share capital	Share premium	Options reserve	Other reserves	Warrants reserve	Revaluation reserve	Accumulated losses	Total equity
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2020		4	54,622	614	103	-	(38,678)	16,665	
Shares issued	18	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	19	-	-	848	-	-	848		
Balance as at 31 December 2020		5	112,782	1,462	103	(1)	(73,191)	41,160	
Shares issued	18	1	32,018	-	-	-	32,019		
Loss for the financial year		-	-	-	-	(55,048)	(55,048)		
Loss on revaluation of investments		-	-	-	(29)	-	(29)		
Share based payments expense	19	-	-	1,175	-	-	1,175		
Balance as at 31 December 2021		6	144,800	2,637	103	(30)	(128,239)	19,277	

The notes on pages 36 to 54 are an integral part of these financial statements. All the activities of the Group relate to continuing operations.

Curve UK Limited
Annual report and consolidated financial statements for the year ended 31 December 2021

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Note	Share capital £'000	Share premium £'000	Options reserve £'000	Other reserves			Accumulated losses £'000	Total equity £'000
					Warrants reserve £'000	Revaluation reserve £'000			
Balance as at 1 January 2020		4	54,622	614	103	-	(38,678)	16,665	
Shares issued	18	1	58,160	-	-	-	-	58,161	
Loss for the financial year		-	-	-	-	-	(33,972)	(33,972)	
Share based payments expense	19	-	-	848	-	-	-	848	
Balance as at 31 December 2020		5	112,782	1,462	103	-	(72,650)	41,702	
Balance as at 1 January 2021		5	112,782	1,462	103	-	(72,650)	41,702	
Shares issued	18	1	32,018	-	-	-	-	32,019	
Loss for the financial year		-	-	-	-	-	(52,251)	(52,251)	
Share based payments expense	19	-	-	1,175	-	-	-	1,175	
Balance as at 31 December 2021		6	144,800	2,637	103	-	(124,901)	22,645	

The notes on pages 36 to 54 are an integral part of these financial statements. All the activities of the Group relate to continuing operations

Curve UK Limited

Annual report and consolidated financial statements for the year ended 31 December 2021

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

		Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
	Note				
Cash flows from operating activities					
Loss for the financial year		(55,048)	(34,513)	(52,251)	(33,972)
Adjustments for:					
Amortisation	8	129	77	128	77
Depreciation	9	131	126	131	126
Interest received		-	(15)	(39)	(15)
Share based payment expense		1,175	848	1,175	848
Increase in non-current other debtors		(826)	(141)	(826)	(141)
Increase in non-current other liabilities		1,798	2,045	1,798	2,045
Changes to working capital					
Increase in loans to customers		(611)	(10)	-	-
Increase in trade and other debtors		(15,721)	(728)	(16,785)	(431)
(Increase) / decrease in inventories		(666)	(837)	116	(837)
Increase / (decrease) in trade and other creditors		1,025	21,435	(945)	21,363
Net cash used in operating activities		(68,614)	(11,713)	(67,498)	(10,937)
Cash flows from investing activities					
Purchase of intangible assets		(207)	(489)	(78)	(489)
Purchase of tangible assets		(22)	(70)	(21)	(70)
Increase in investment in subsidiaries		-	-	(580)	(1,051)
Increase in loans to group companies		-	-	(3,497)	(278)
Interest received		-	15	40	15
Net cash used in investing activities		(229)	(544)	(4,136)	(1,873)
Cash flows from financing activities					
Issue of shares		32,019	58,161	32,019	58,161
Net cash generated from investing activities		32,019	58,161	32,019	58,161
Effect of exchange rate changes on cash and cash equivalents		(29)	(1)	-	-
Net (decrease) / Increase in cash and cash equivalents		(36,853)	45,903	(39,615)	45,351
Cash and cash equivalents at the beginning of the year		64,980	19,077	64,428	19,077
Cash and cash equivalents at the end of the year		28,127	64,980	24,813	64,428

The notes on pages 36 to 54 are an integral part of these financial statements. All the activities of the Group relate to continuing operations.

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

1. GENERAL INFORMATION

These financial statements are prepared for Curve UK Limited and its subsidiaries ('the Group'). Curve UK Limited ('the Company'), formerly Curve OS 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.

For the year ended 31 December 2021, the Company's subsidiaries are entitled to exemption from audit under section 479a of the Companies Act 2006 relating to subsidiary companies. The subsidiary that is entitled for this exemption is Curve Credit Limited (12464458).

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Group and Company financial statements are set out below. These policies have been consistently applied during the year 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

The directors have assessed Curve's ability to continue as a going concern for the period of at least twelve months from the date that the financial statements are approved. The Group and Company are loss-making and require further capital injections within twelve months from the date of the signing of these financial statements in order to continue realising its assets and discharging its liabilities in the normal course of business, and as such continue as a going concern, in both its base case forecast and the severe but plausible scenario. As set out in the Directors' Report the directors recognise that this uncertainty around fundraising results in the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern. The directors remain confident in the Group's previous track record in obtaining funding and conclude when this is viewed in conjunction with the numerous management actions available, including the significant level of discretionary investment in its cost structure, it remains appropriate to continue preparing the Group's and Company's financial statements on a going concern basis.

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 2021.

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

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

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.

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.

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) 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 15).

(ii) 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 19.

(iii) 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 years ended 2019 and 2020 have been received subsequent to the current year end. It is expected that the 2021 R&D tax relief claim will be receivable and submitted in the 2022 financial year. Refer to note 13.

(iv) 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 years. 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 fees, interest on customer loans and platform revenue.

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

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.

Interest income

Interest income is recognised using the effective interest rate method.

Development agreement from related party

Fees from a development agreement signed between the Company and its immediate parent Curve Holdings UK Limited have been recognised based on the contractual terms signed for consideration of intellectual property

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
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. 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.

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 when the card is shipped to the customer. Where the customer has a contractual relationship with another entity the cost is recognised in the corresponding entity.

At each balance sheet date, inventories are assessed for impairment. If inventories are impaired any impairment is recognised immediately in the profit and loss.

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.

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

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.

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.

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

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.

Impairments of financial assets

The Group recognises impairment loss if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a "loss event"). These include loans to customers. Objective evidence that a financial asset is impaired is ascertained when the following loss event(s) has been identified:

- Significant financial difficulty of the obligor
- A breach of contract, such as default or delinquency in interest or principal payments
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider
- Fraudulent activity where the obligor's account has had a takeover by a third party

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.

Pensions

The Group participates in a Group Personal Pension Plan, being 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.

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

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 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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

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 UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

3. REVENUE

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
The category analysis of the Group and Company's revenue is as follows:				
Card and Interchange	7,954	5,179	5,463	5,179
Subscription	3,538	2,933	2,656	2,933
Platform	1,379	300	946	300
Other income	68	1,489	39	1,489
Development agreement (related party)	1,625	-	1,625	-
	14,564	9,901	10,729	9,901

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

United Kingdom	10,710	7,270	10,695	7,270
Europe	3,819	1,764	-	1,764
Rest of world	35	867	34	867
	14,564	9,901	10,729	9,901

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

4. ADMINISTRATIVE EXPENSES

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Employee benefit expense	26,701	16,455	24,954	16,179
Occupancy	1,343	2,041	1,230	2,041
Amortisation & depreciation	259	203	259	203
Auditors' Remuneration	262	130	235	130
Other expenses*	28,616	17,328	29,444	17,063
	57,181	36,157	56,122	35,616

* Other expenses are consisting of marketing, IT, professional fees, et al

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Employee benefit expense				
Wages and salaries	23,457	14,462	21,964	14,200
Social security costs	2,785	1,703	2,563	1,689
Other pension costs	459	290	427	290
	26,701	16,455	24,954	16,179

The average number of staff employed during the year is as follows:

	Group	Group	Company	Company
	2021	2020	2021	2020
	Number	Number	Number	Number
No. of Staff	430	226	381	226

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

5. DIRECTOR AND KEY MANAGEMENT PERSONNEL REMUNERATION

	Group 2021 £'000	Group 2020 £'100	Company 2021 £'000	Company 2020 £'000
<i>The directors' emoluments were as follows:</i>				
Fees paid to non-executive directors	131	47	101	47
Fees paid to executive directors				
Salaries and wages	734	200	75	200
Company contributions to defined contribution pension schemes	4	2	4	2
	738	202	79	202

The executive directors' remuneration in this note is included in administrative expenses.

There were 2 directors in the Company's defined contribution pension scheme (2020: 1).

The highest paid director received £261,761 remuneration during the year

Accumulated pension contribution to year ending 31 December 2021 for highest paid director is £2,634

There were no options exercised by directors during the current and prior years.

The directors holding office during the year were remunerated by Curve UK Limited and these emoluments were then apportioned between companies in the Group. Their services to the subsidiaries in the year amounted to £30k (2020: £nil).

	Group 2021 £'000	Group 2020 £'1000	Company 2021 £'000	Company 2020 £'000
<i>The key management personnel emoluments were as follows:</i>				
Salaries and wages	643	512	530	70
Company contributions to defined contribution pension schemes	2	5	2	1
	645	517	532	71

The above information relates to 3 key management personnel in the current year (2020: 3). In addition, key management personnel were in place for only part of the prior year. 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 (2020: 3).

In 2021 124,750 (2020:nil) options exercised by key management personnel during the current year.

6. FINANCE INCOME

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank interest	-	15	40	15

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

7. INCOME TAX CREDIT

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Current tax:				
Current UK income tax credit for the year	(4,128)	(440)	(4,138)	(440)
Total current tax credit	(4,128)	(440)	(4,138)	(440)

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	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loss before tax	(59,176)	(34,953)	(56,389)	(34,412)
Tax calculated at the standard rate of corporation tax in the UK of 19% (2020: 19%)	(11,243)	(6,641)	(10,714)	(6,538)
Tax effects of:				
Permanent adjustments	1,139	152	1,139	152
Additional deduction for R&D expenditure	-	(326)	-	(326)
Surrender of prior year tax losses for R&D tax credit refund	2,167	136	2,167	136
Surrender of current year tax losses for R&D tax credit refund	3,255	-	3,255	-
Remeasurement of deferred tax for changes in tax rates	-	(655)	-	(655)
Deferred tax asset not recognised	156	6,894	15	6,791
Overseas taxes not recoverable	398	-	-	-
Tax credit for year	(4,128)	(440)	(4,138)	(440)

Deferred tax

The Company currently has unrecognised deferred tax assets totalling £21,887k (2020: £12,361k) of which £16,151k (2020: £12,047k) 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.

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

8. INTANGIBLE ASSETS

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

Group	Website £'000	Card Design £'000	Group Total £'000
Cost			
At 1 January 2020	-	187	187
Additions - separately acquired	273	220	493
Disposals	-	(92)	(92)
At 31 December 2020	273	315	588
Accumulated amortisation			
At 1 January 2020	-	112	112
Charge for the year	-	77	77
Disposals	-	(88)	(88)
At 31 December 2020	-	101	101
Net book value			
At 31 December 2020	273	214	487
Cost			
At 1 January 2021	273	315	588
Additions - separately acquired	-	207	207
At 31 December 2021	273	522	795
Accumulated amortisation			
At 1 January 2021	-	101	101
Charge for the year	-	129	129
At 31 December 2021	-	230	230
Net book value			
At 31 December 2021	273	292	565

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

Company	Website £'000	Card Design £'000	Company Total £'000
Cost			
At 1 January 2020	-	187	187
Additions - separately acquired	273	220	493
Disposals	-	(92)	(92)
At 31 December 2020	273	315	588
Accumulated amortisation			
At 1 January 2020	-	112	112
Charge for the year	-	77	77
Disposals	-	(88)	(88)
At 31 December 2020	-	101	101
Net book value			
At 31 December 2020	273	214	487
Cost			
At 1 January 2021	273	315	588
Additions - separately acquired	-	78	78
At 31 December 2021	273	393	666
Accumulated amortisation			
At 1 January 2021	-	101	101
Charge for the year	-	128	128
At 31 December 2021	-	229	229
Net book value			
At 31 December 2021	273	164	437

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

9. PROPERTY, PLANT AND EQUIPMENT

	Group £'000	Company £'000
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 year	126	126
At 31 December 2020	287	287
Computer Equipment - Net book value		
At 31 December 2020	249	249
Computer Equipment - Cost		
At 1 January 2021	536	536
Additions - separately acquired	22	21
At 31 December 2021	558	557
Computer Equipment - Accumulated depreciation		
At 1 January 2021	287	287
Charge for the year	131	131
At 31 December 2021	418	418
Computer Equipment - Net book value		
At 31 December 2021	140	139

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

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

10. INVESTMENT IN SUBSIDIARIES

The Group has 100% interest in the following subsidiaries:

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 its 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.

Curve Acquiring Designated Activity Company was voluntarily struck off the register at the Companies Registration Office on 6 September 2021. The entity was registered in Ireland (571425).

	Company	Company
	2021	2020
	£'000	£'000
Investment in Curve US Inc.	1	1
Investment in Curve Credit Limited	1,000	500
Investment in Curve Europe UAB	630	550
	1,631	1,051

11. NON-CURRENT ASSETS

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Non-current				
Loans to customers	621	10	-	-
Other Debtors	1,041	215	1,041	215
	1,662	225	1,041	215

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

12. STOCKS

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Inventories	2,359	1,693	1,577	1,693

Inventory recognised in administrative expenses during the year as an expense was £1,459k (2020: £637k).

13. TRADE AND OTHER RECEIVABLES

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	568	40	546	40
Other debtors ⁽¹⁾⁽²⁾	10,276	1,699	11,091	1,699
Other taxes receivable ⁽³⁾	5,986	1,857	5,996	1,857
Amounts due from related parties	2,165	-	2,165	-
Prepayments and accrued income	891	569	855	272
Total	19,886	4,165	20,653	3,868

⁽¹⁾ Other debtors consist of Acquirer receivable of £8,176k (2020:£1,447k)

⁽²⁾ 2020 financials depict other taxes receivables as part of Other debtors whereas in 2021 this is being shown as a separate item.

⁽³⁾ Other taxes receivable include a R&D tax relief asset of £5,996k (2020: £1,857k). 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.

14. CASH AND CASH EQUIVALENTS

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash and cash equivalents	28,127	64,980	24,813	64,428

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

15. TRADE AND OTHER PAYABLES

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors*	14,070	20,620	13,885	20,620
Other taxation and social security	2,638	1,658	2,637	1,658
Rewards liability	3,767	2,893	2,797	2,893
Other creditors	9	1,166	9	1,166
Amounts due to related parties	3,908	-	3,908	-
Accruals and deferred income	5,227	2,257	4,341	2,185
	29,619	28,594	27,577	28,522

*Trade creditors for 2020 have been adjusted for the non-current liability portion which is now part of Note 17

16. FINANCIAL INSTRUMENTS

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

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
a) Assets as per statement of financial position				
Financial assets				
Trade and other receivables	14,941	2,523	15,698	2,226
Cash and cash equivalents	28,127	64,980	24,813	64,248
Loans to customers	621	10	-	-
	43,689	67,513	40,511	66,654

b) Liabilities as per statement of financial position

Financial liabilities

Trade and other payables	29,619	28,594	27,577	28,522
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Financial risks have been included within principal risks in the strategic report.

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

17. OTHER NON-CURRENT LIABILITIES

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Other non-current liabilities	3,843	2,045	3,843	2,045
	3,843	2,045	3,843	2,045

In 2020 other non-current liabilities were part of Accruals and deferred income – see Note 15

18. CALLED UP SHARE CAPITAL

	Group	Group	Company	Company
	2021	2020	2021	2020
	£	£	£	£
Allotted and issued				
17,456,445 (2020: 16,525,191) Ordinary shares of £0.0001 each	1,746	1,653	1,746	1,653
2,572,896 (2020: 2,572,896) A Ordinary shares of £0.0001 each	257	257	257	257
1,055,261 (2020: Nil) B Ordinary shares of £0.0001 each	106	-	106	-
2,913,428 (2020: 2,913,428) A1 Preferred shares of £0.0001 each	291	291	291	291
7,823,251 (2020: 7,823,251) A2 Preferred shares of £0.0001 each	762	762	762	762
7,152,800 (2020: 7,152,800) A3 Preferred shares of £0.0001 each	715	715	715	715
7,616,414 (2020: 7,616,414) B1 Preferred shares of £0.0001 each	762	762	762	762
432,328 (2020: 432,328) B2 Preferred shares of £0.0001 each	43	43	43	43
857,449 (2020: 857,449) B3 Preferred shares of £0.0001 each	86	86	86	86
7,125,019 (2020: 5,760,409) C1 Preferred shares of £0.0001 each	713	576	713	576
1,819,505 (2020: 1,819,505) C2 Preferred shares of £0.0001 each	182	182	182	182
272,925 (2020: 272,925) C3 Preferred shares of £0.0001 each	27	27	27	27
1,595,886 (2020: Nil) C4 Preferred shares of £0.0001 each	160	-	160	-
2,174,846 (2020: Nil) C2 Preferred shares of £0.0001 each	217	-	217	-
As at year end	6,087	5,374	6,087	5,374

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 £32,019k (2020: £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 UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

19. 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 2021	Number 2021	Weighted average price 2020	Number 2020
Outstanding at beginning of year	0.305	3,617,556	0.256	3,679,885
Granted during the year	0.656	4,289,872	0.347	1,014,028
Less:				
Forfeited during the year	0.724	783,138	0.291	572,046
Exercised during the year	0.230	578,659	0.168	474,311
Outstanding at end of year	0.515	6,575,631	0.305	3,647,556

Of the total number of options outstanding at the end of the year, 3,085,492 (2020: 2,228,641) had vested and were exercisable at the end of the year with a weighted average exercise price of £0.418 (2020: £0.286).

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 0.15% 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 £1,175k (2020: £848k).

20. RELATED PARTY TRANSACTIONS

In December 2021, the Company entered into a development agreement with its immediate parent Curve OS Holding Limited. During the year the Company recognised income of £1,624k relating to said agreement (2020: £nil). Additionally, the Company paid loan arrangement fees of £541k on behalf of Curve OS Holding Limited. As at 31 December 2021 £2,165k was outstanding (2020: £nil), and is included in trade and other debtors.

The Company received funds for its ultimate parent company, Curve OS Group Limited. The full amount of £3,908k remains due as at 31 December 2021 and is included within trade and other creditors.

21. CONTINGENT ASSETS AND LIABILITIES

On 14th October 2021, the Group entered into an account pledge agreement as a Pledgor / Mortgagor pursuant to a loan originally taken out by Curve UK Limited. As at 31 December 2021, the pledged assets of the Group were equal to £14,031k (2020: £nil). The pledged assets of the Company were £13,706k (2020: £nil). As at 31 December 2021, Curve UK Limited has complied with their contractual obligations, so the Group had not accounted for any liabilities related to the mentioned pledges.

Curve UK Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

22. PARENT AND ULTIMATE CONTROLLING PARENT

The Group's immediate parent is Curve OS Holding Limited (Reg No. 13619916). The ultimate parent of the Group is Curve OS Group Limited (Reg No. 13619624).

23. POST-BALANCE SHEET EVENTS

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

- In May 2022, the Group launched its US product in beta
- The ultimate parent closed new investment for £20.3 million
- A business restructuring took place Q2 2022 which resulted in approximately 30% reduction of burn rate by October 2022
- R&D tax credits paid by HMRC in Q2 2022 for a total amount of £3.5 million
- In Q4 2022, new terms agreed to fund the purchase of Curve's Flex product with tier 1 bank
- In Q4 2022, the Company signed a new deal with a card network that improves Curve's unit economics
- The invasion of Ukraine by Russia at the end of February 2022 remains a major concern for markets and economies across the world and is a concern for the Company given our reliance on stable markets for future fundraising. There has not, however been any additional significant impact on the Company, but the situation will continue to be monitored by the Board.

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