

FT Alphaville **Crowdfunding**

Curve's cloudy crowdfunding

How to raise £6m without providing financial data.

Jamie Powell SEPTEMBER 19 2019

[Curve](#) is a banking app that allows you to collate all of your bank cards onto one smart card. Think a wallet which is not a wallet, but is also kept in your wallet.

Since its launch in April 2018, the fintech product has proved popular, with the company citing over 500,000 users to date, with the hope of reaching one million by the year end.

In aid of its grand plans for bank account unification, Curve raised £43m in Series B funding from names such as Gauss Ventures, Oxford Capital and Connect Ventures in [mid July](#). The valuation — £159m — put it firmly in the top tier of the most valuable UK fintechs, alongside companies such as Monzo, Starling Bank and TransferWise.

So it was surprising that in August, Curve decided to return to the capital markets. But this time, it wasn't institutional investors committing cash. But retail punters.

In an echo of Monzo's [crowdfunding](#) last year, Curve announced it was seeking £1m from investors via crowdfunding platform Crowdcube. The valuation was the same as investors in the Series B round received.

The ~~marketing~~ crowdfunding went swimmingly. Within 42 minutes of the campaign opening on September 3, Curve managed to raise four times as much as it hoped — yes, £4m — according to [Finextra](#). The round eventually closed with £6m committed from 9,591 investors, the company told us.

The story may just sound to you like one of a buzzy product with ardent followers, but the Curve crowdfunding does feel exceptional for one particular reason: disclosure.

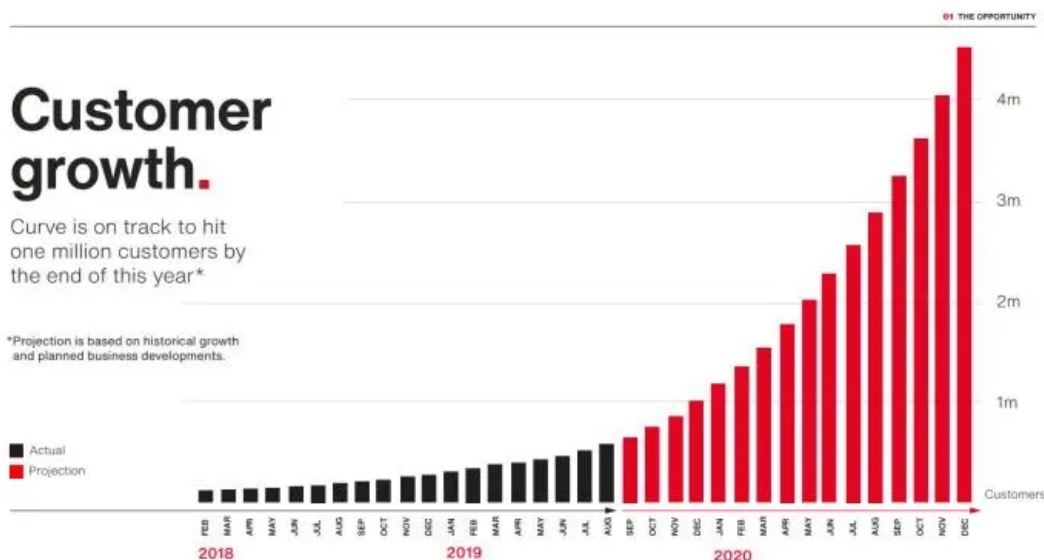
Curve's investment deck for the raise was pretty opaque. The 31 page document, which was shared with FT Alphaville, did not contain one set of financial metrics relating to the company. Indeed, the "financials" page of the document consisted of a title page, and one slide outlining how it proposed to make money:



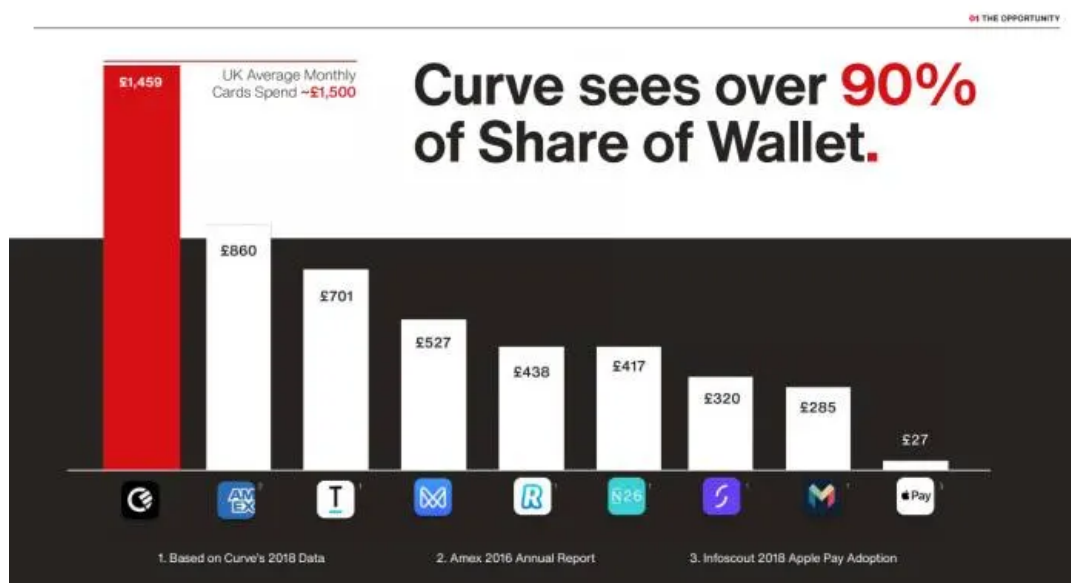
Show me the money

There was no discussion of the sort of metrics an investor might want to know, such as customer churn, cash flow, margins or management's preferred key performance indicators.

There was, however, widely optimistic charts such as this:



And relatively uninformative ones such as this:



(We took a quick look at the American Express figure in the final graph. And there isn't a UK average monthly spend number in the credit card businesses [2016 annual report](#). We asked Curve where they got the figure from, and it said it used Amex's average card spend outside of the USA of \$13,073 per annum. Which, we think you'll agree, is not quite the same thing.)

We weren't the only ones to notice a lack of any meaningful financial data. Some of the comments on the Crowdcube page, now inaccessible, voiced similar concerns.

For instance, here's user balmf with some rather pertinent points:



Share class and financial data

23 Replies

balmf 1 week ago

I have invested in this pitch to "get my foot in the door" but unless Curve are able to provide financial data and confirm what shares class the Crowdcube investors are buying into, along with liquidation preference details, I will be withdrawing in the cooling off period.

The fact that a company, no matter how good the product, can raise £6m without providing such information is astounding and probably a testament to why platforms like Crowdcube should be more stringently regulated - it allows sophisticated companies to generate hype and prey on people wishing to "invest" without fundamentally understanding what price they're paying for the equity they're receiving.

I would please like someone at Curve to:

- Provide historic financial data for the past year (BS / P/L / Cashflow)
- Provide forecast financial data for the next year (BS / P/L / Cashflow)

I understand the sensitivity of this information so heavily summarised data is expected, but no financial data is just obscene.

I would also like to know:

- What shares have Crowdcube investors subscribed to
- What is the liquidation preference of those shares

Given we've bought in at the Series B price I would expect to be pari-passu with the institutional Series B holders in a liquidation scenario, or at minimum above the Series A.

If Curve are unable to provide this information I urge fellow investors to back out. You're buying £6m of metal credit cards rather than making a well informed investment if you don't.

[Reply](#) [Unsubscribe](#)
[Report](#)

Curve did a reply to a few of the users who asked about the lack of financials, but the responses were pretty lacklustre:



CurveTeam 1 week ago

Hi Jamesd54,

Thank you for reaching out and apologies for our delay in response. As you may be able to imagine, we have been overwhelmed with a number of questions and inquiries.

In regards to our pitch page and investment deck provided - We've tried to strike a fair balance between disclosing relevant information to analyse the investment opportunity whilst not revealing sensitive company information that may hurt the future of Curve.

Best,

Team Curve

So we asked Curve why there was no financial disclosures, and it told us:

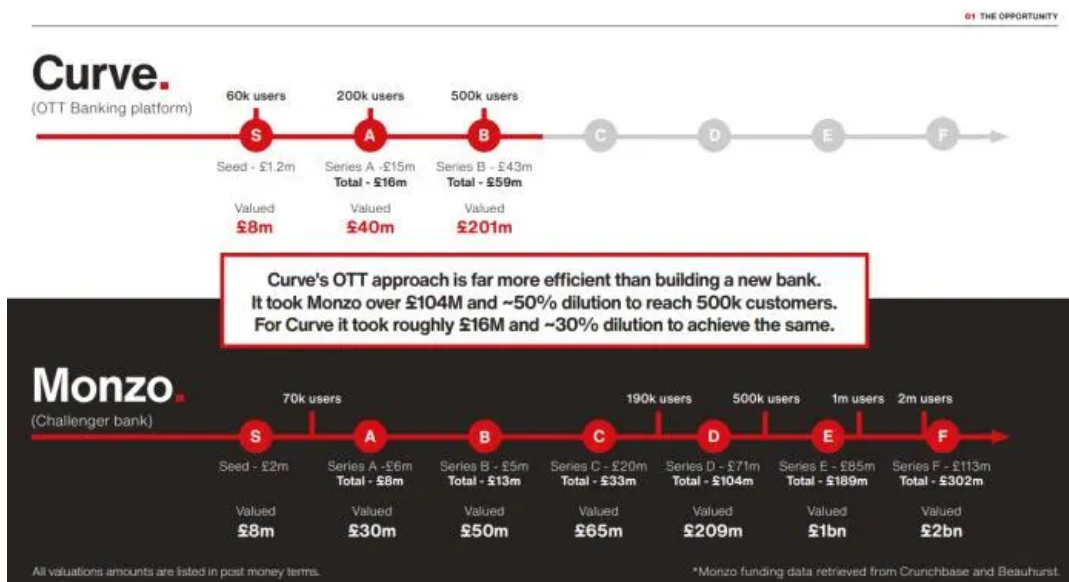


Financial Regulations in the UK require companies to produce a prospectus where they are raising more than €8 Million from retail investors. As Curve was below that threshold it was not required to produce a prospectus.

That's fair enough, after all, why tell anyone more than they need to know? But then again, you'd perhaps expect some level of financial disclosure to guide investors on how the commercial side of the business is performing, or might perform.

Curve told us that investors could look at its [Companies House page](#) for more detail. Unfortunately, the 2018 accounts contains little meaningful financial data, bar a balance sheet which is now 10 months out of date. We do note, however, that its profit and loss reserves doubled last financial year to negative £10.6m which suggested back then at least, profitability was still a long way off.

Curve likes to compare itself to the £2bn Monzo, if this particular slide is anything to go by:



But Monzo, for all [our questions](#) about its [business model](#), is extremely transparent about its commercials. For instance this year, it took the step of publishing a [full annual report](#), even though it had no real need to.

So perhaps Curve should take a leaf of Monzo's open book? But then again, as one person on Curve's crowdfunding page put it, "given the that crowd investment is nearly 400 per cent over-committed in less than 2 hours nobody seems to care ;-)".

Well, at least for now they don't.

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