

Gen-Z super-app Cleo hits \$500m valuation despite tech downturn

A British finance app aimed at Gen-Z consumers has hit a \$500m valuation despite the turbulent backdrop which has afflicted technology companies since Russia's invasion of Ukraine three months ago.

Sky News has learnt that Cleo, which was founded by Barney Hussey-Yeo in 2016, has raised \$80m in new capital from investors including Sofina, a listed tech investor which has backed companies such as Typeform and Graphcore.

The fundraising was orchestrated over a period of several months but was only finalised after pressure began to be exerted on the valuations of capital-hungry growth companies.



Image:

Cleo was founded by Barney Hussey-Yeo in 2016. Pic: Cleo
Cleo is a digital assistant which offers users proactive

financial advice with a distinctive tone of voice that aims to avoid the jargon typical of consumer-facing offerings in the sector.

It has amassed an array of heavyweight backers in previous funding rounds, the last of which took place 18 months ago and raised roughly \$40m for the company.

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Sources close to Cleo said the new capital injection had been agreed at a valuation of about \$500m – roughly five times the level of the December 2020 fundraising.

One insider added that the company's accelerating growth rates coupled with its low cashburn level meant it had been able to convince investors to back it at the new valuation.

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Cleo now serves millions of young consumers in the US, and claims to be the only fintech founded in the UK before launching in the US and then making that its core market.

Raising capital now will enable Cleo to maintain and expand its service during an economic downturn that many economists believe could be protracted.

It also intends to increase its workforce from 140 full-time equivalent employees to approximately 220 by the end of the year.

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The company's existing backers include blue-chip venture capital names such as Balderton Capital and LocalGlobe, with individual investors including founders of tech unicorns such as Skype and Wise.

Cleo declined to comment on the fundraising or its new valuation.

A Sofina spokesperson said: "We are excited to form this partnership with Cleo, a company and App that is truly loved by its users, on many of whom Cleo already had a positive impact."

“We are looking forward to the journey ahead, bringing fintech enabled personal financial empowerment to many more people worldwide.”