



News

Clearco raises US\$60M and secures new financing in bid to recover from 'tumult'

New CEO touts revamped capital structure as key to making one-time unicorn sustainable

By [Leah Golob](#)

Clearco CEO Andrew Curtis, photographed in his home in Darien, Conn., has been working to recapitalize the business since his January appointment. **Photo:** Stephen Yang for The Logic

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Clearco's new CEO—a financial-industry veteran brought in to stabilize the troubled one-time fintech unicorn—has recapitalized the company, securing US\$60 million from investors and new financing to fund the cash advances it gives its customers.

The Toronto-based fintech, which gives money to e-commerce businesses in exchange for a portion of their revenue, announced Wednesday it has raised a US\$60-million Series D investment round led by returning investors Inovia Capital, based in Montreal, and San Francisco-based Founders Circle Capital.

Talking Points

- Toronto-based fintech Clearco has raised a US\$60-million Series D investment round, and secured an asset-backed financing facility to fund the cash advances it provides its customers
- Andrew Curtis, who replaced Michele Romanow as CEO in January, said the new “clean capital structure” will help make the business sustainable

In an interview with *The Logic*, CEO Andrew Curtis said the raise will go toward supporting Clearco's business operations and providing equity capital for up to a US\$100-million asset-backed financing facility from London-based alternative asset management firm Pollen Street Capital. That financing from Pollen will fund the advances Clearco gives its customers.

Curtis expects the facility will let Clearco give its customers up to US\$850 million in advances over the next two years.

“That puts us in a better position to serve our customers during a period of uncertain economic and financing conditions,” said Curtis. Merchants are currently facing higher borrowing costs and less access to capital because banks and other traditional lenders are retracting due to conditions like rising interest rates, he said.

The round is made up of some new capital and an unspecified amount of debt that had been converted to equity by Inovia, Founders Circle and the fund-management arm of Silicon Valley Bank now controlled by First Citizens BancShares. In July, the trio bought the US\$60-million loan that Clearco had taken out with Silicon Valley Bank Canada from PwC, which managed the bank's loan book during its wind-down following its [collapse](#).

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The Globe and Mail has [reported](#) that Clearco has another US\$20-million loan with SVB's U.S. unit. Clearco spokesperson Nick Rosen-Wachs confirmed the company has some outstanding debt but declined to give the specific amount. He also declined to name the other investors participating in the fundraising round.

The new funding marks a potential turnaround for the company after a rough couple years of [layoffs](#), [cancelled](#) international-expansion efforts and leadership changes. In January, Curtis became its third CEO within a year, [replacing](#) co-founder and *Dragons'* *Den* star Michele Romanow, who had stepped into the role after co-founder Andrew D'Souza [resigned](#) in February 2022. Romanow and D'Souza remain co-executive chairs.

Curtis, who was previously an adviser for Annaly Capital Management and head of credit at Z Capital Partners, both based in New York, spent six months as an adviser to the company prior to taking over as CEO. He described the last 15 months as a period of "tumult" at the company with, on occasion, "a sense of dislocation." He said the team

has put in an “extraordinary” amount of work to change Clearco’s capital structure and make its business model more sustainable.

Karamdeep Nijjar, a partner at Inovia, said the company’s appointment of Curtis helped convince the venture capital firm to re-invest in Clearco. Curtis is “an experienced leader with a strong financial expertise,” he said. “We’re confident in his commitment to sustainable and scalable growth for Clearco. We believe that the recent operational changes and newfound discipline and focus that happened at the company under his leadership will bring success to the company and its customers.”

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Nijjar also said that the company is no longer operating with a “growth-at-all-costs” mindset.

Clearco’s ascent was fuelled in part by an investment from [SoftBank](#), the Japanese multinational known for backing the likes of WeWork and Uber. It was the first Canadian investment from SoftBank’s influential Vision Funds.

While the new funding will recapitalize the business, ultimately helping it generate cash flow, Clearco’s valuation—[nearly US\\$2 billion](#) at the time it won SoftBank’s backing—has likely taken a significant hit. This spring, *The Globe and Mail* [reported](#) that the company was working with Inovia on a new fundraising round that would see it lose its unicorn status, amounting to “one of the steepest devaluations ever in dollar terms of a private Canadian tech company.” Curtis declined to comment to *The Logic* on the company’s current valuation.

In addition to the company's new funding, Curtis believes the revamped product it launched last fall, called Invoice Funding, is part and parcel with other changes that signal its new direction. The product lets the e-commerce companies Clearco funds upload individual invoices, typically for marketing or inventory expenses, which Clearco then pays. Clearco uses AI and its proprietary machine learning technology to underwrite businesses and support invoice funding ranging from US\$10,000 to US\$2 million over four to six months, a company release said.

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“In a general sense, it’s similar to the old product that Clearco had. It’s just been simplified,” Curtis said. “It’s easier for our customers to work with” and it’s performing better in the sense that Clearco is seeing much lower losses, he added.

“We’re in this position where we have a clean balance sheet, a clean capital structure,” Curtis said. “We have a new financing partner who’s excited to help us grow and now we’re just going to run the business in a disciplined, analytically rigorous way and grow to a level where we’re generating free cash flow and generating return for our investors —and of course, most importantly, serving our customers well.”

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