

## South Carolina



## MycoWorks

Union, SC (2023)

MycoWorks is an early-stage biotechnology company manufacturing a first-of-its-kind sustainable leather alternative from renewable mushroom fibers. Traditional leather production has a massive carbon footprint and is a large contributor to wastewater pollution, due to a toxic chemical (chromium) which is required in the leather tanning process. Widely available synthetic leather materials are made from petroleum-based plastic such as PVC and therefore are not easily recyclable or biodegradable. MycoWorks will produce 4 million sq. ft. of biodegradable leather per year with an 85% lower carbon footprint than cowhide.

After eight years of research and development, MycoWorks was ready to construct its first large-scale production plant to increase leather production capacity and meet large and increasing client demand. After a national search, MycoWorks leased a 130,000 sq. ft. shell building in 2022 in rural Union, SC and began equipping the building to meet its manufacturing needs.

## FINANCING

**NMTC Financing:** CEI Capital Management LLC, AMCREF and Hampton Roads Ventures: \$30.5 million  
**Equity Investor:** U.S. Bancorp Impact Finance

**Total Project Cost:** \$146.5 million

## IMPACT

- 250 construction jobs
- 354 permanent jobs

## COMMUNITY

- Non-metropolitan county
- Poverty Rate: 26.6%
- Median Income: 65% of the AMI

“In addition to being an exciting, innovative company, MycoWorks recognizes the advantages to creating and maintaining Good Jobs across the enterprise,” said CCML CEO Traci Vaine. “This investment allows them to enter a new community with the infrastructure in place to scale up manufacturing quickly, while assuring high standards for job quality right out of the gate.”

### Financing Allows Company to Make All-Natural Textiles from Mushroom Mycelium and Create New Quality Jobs in Rural South Carolina

As an early-stage company that had yet to achieve profitability, their rapidly growing operations were capital intensive, including the need to hire over 300 employees at the new facility in Union, SC and continue R&D and technology development of its innovative products. Given its early stage and lack of profitability, MycoWorks had little access to traditional forms of debt despite an impressive list of blue-chip customers and was therefore reliant on highly risk tolerant equity investment or subsidized funding from government entities or programs like the NMTCs.

Three CDEs provided unsecured, low-cost, flexible NMTC capital, allowing MycoWorks to finish equipping its facility to reach sustainable cash flow positivity, while not limiting their future ability to take out traditional senior financing.

Traditional leather production create 30 kg CO<sub>2</sub> per square meter of material, compared to only 2.8 kg CO<sub>2</sub> for MycoWorks' Fine Mycelium, a 91% reduction in emissions. This transaction is expected to create a total of 354 direct permanent jobs with all positions paying more than the MIT Living Wage for a single adult.