

## New Zealand's start-up produces world's most sustainable leather from fungi

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Prototype showing natural edge.

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The New Zealand-based start-up Sapro-Tech has raised a \$1 million pre-seed round for its world-first process of creating leather alternatives from fungi for the global textile market. By harnessing the power of fungi, mycelium fibres are used to manufacture textiles that are comparable to traditional leather with less toxic effects on the environment.

Globally, the leather goods industry contributes around \$400 billion to greenhouse gas emissions. Aiming to make sustainable materials more widely available, Sapro-Tech owes to future generations to pioneer a sustainable, long-term economy. The startup is also well-connected into international collaborations and dealflow and has received close advice from global pioneers in this space. The investment will be used to productionise SaproTech's research and development in this space, including building out both innovation and business development teams.

"Our competition grow mycelia in the form of a foam which they then compress to produce a textile. Sapro-Tech has pioneered a way of producing layers of mycelia that can be grown together in sheets. This method is more controllable and sophisticated, therefore allowing us to create a variety of textiles that are more consistent, more scalable, and more similar to animal-based leather than existing products", says Sapro-Tech Founder Dr Keith Hudson.

By leveraging the inherent properties of fungi, Sapro-Tech produces innovative, long-lasting, and visually appealing textiles that disrupt the conventional textile industry. Sustainable alternatives are aimed at revolutionising the fashion industry and extending their reach to other industries.

"As consumer demand for more environmentally friendly products increases, we believe Sapro-Tech is well-positioned to become a global industry leader in this space. Not only do their materials have a very natural feel and appearance - which is

key when seeking to replace something - but, importantly, they've found a cost-effective production method that is unique, setting them apart from their competitors," comments Warren Bebb, Investment Manager for Sprout.

"Climate change is one of the biggest challenges our generation will face. Using organisms like fungi, together with other disruptive technologies will be game-changing for entire industries. We've barely scratched the surface in terms of the problems these organisms have the potential to solve and it's exciting to be part of a team pioneering new approaches," comments Dr Erin Stroud, Sapro-Tech's lead scientist.

Launch of prototypes and licensing will follow, initially to handbag manufacturers - a lucrative niche that values sustainability and favors novelty over price.

Sapro-Tech is the sixth investment of over thirty NZ\$1 million agritech and foodtech investments Sprout Agritech LP will make over the next five years. Sprout Agritech LP is on a mission to help entrepreneurs build agritech and foodtech businesses into investable, global companies. Through their accelerator, Sprout has helped grow over 80 early-stage companies which have raised over \$50m+. Having joined forces with investment partners US-based Finistere Ventures, Kiwi dairy giant Fonterra and Israeli venture builder OurCrowd, as well as Callaghan Innovation's Tech Incubator programme designed to support the commercialisation of early-stage deep tech ventures in New Zealand. This investment was made off the back of Sprout's 12-week accelerator designed to support startups who are solving agricultural and food value chain's toughest problems.