

CASE STUDY:

Stony Creek Colors

Springfield, TN Founded in 2012 by Sarah Bellos

COO: Joseph Kadi | CTO: Shawn Genung | ADVISOR: Daphne Preuss | ADVISOR: AgLaunch | EMPLOYEES: 20

ABOUT STONY CREEK

Stony Creek Colors' rural Tennessee factory produces the only high purity plant-based indigo at industrial scale and quality globally. The company manages the full value chain for natural indigo dye production, from seed production, through partnering with contract farmers to produce the biomass, to harvesting and processing into a denim-mill ready dye. The plant-based indigo serves as a drop-in replacement for the synthetic, petroleum-based indigo used in all denim today. The company's R&D includes development of new high-yielding, nitrogen-fixing indigo varieties, novel extraction methods to increase indigo yield, and more efficient dyeing methods--all bringing needed innovation to allow renewable, natural colorants to reach the mainstream fashion industry.



NATURAL DYE

MAIN BARRIERS OR NEEDS

Scaling/Growth/Operating Capital for funding working capital during long fashion industry development cycles. Equipment financing for bringing on more farmers.



IMPACT AREAS



Waste Reduction



Soil Improvement



Economic Development/
Job Creation



Carbon Sequestration

Stony Creek Colors' mission is to catalyze the transition from unsustainable synthetic dyes to renewable plant-based dyes in textiles, bringing traceable and environmentally responsible color sourced fairly from small farmers to widespread industrial use. As the company works to become the global supplier of choice for socially and environmentally responsible natural colors, it is helping fashion brands meet their goals of working toward a circular and regenerative economy and reduce toxic chemicals used in their supply chain.

As an agriculturally-based business, reliant on renewable crop biomass, the company is actively engaged in helping farmers transition to more sustainable and regenerative production practices. The chosen indigo varieties are nitrogen-fixing, climate beneficial crops which also increase soil fertility and health.

CURRENT CAPITAL STACK A/O INVESTMENT TO DATE

\$6.8M in equity investment to date from institutional investors and angel investors. Notable institutional investors include: The Jump Fund, Village Capital, Innova Ag Innovation Fund, Propel Capital, Serious Change, Next Wave Impact, Green Spark Capital, Sorenson Impact Foundation. Significant Federal R&D and Economic Development Grants raised, totaling over **\$4.0M**.

- 12/2013—Angel Round of **\$0.19M**
- 6/2016—Series Seed of **\$2.17M**
- 10/2017—Series A: **\$3.3M** in equity, **\$2M** in tax credit investment
- 2/2020—Series A2 **\$0.84M**
- 6/2020—Convertible Note **\$1.1M**

TYPE AND MAGNITUDE OF INVESTMENT SOUGHT

Stony Creek is raising a Series B growth equity round to continue funding the scale up of its processing facility and increase the number of acres of the crop. Equipment financing also sought for farmer partners.

KEY RISKS

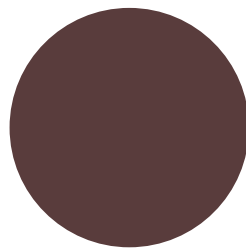
Seasonal risks related to agricultural supply chain. Sufficient capital to fund growing seasons and processing many quarters prior to fashion brands launch of the natural indigo collection. Farmer access to capital to fund needed equipment to scale production (ie harvester and dryer).

INTEGRATED CAPITAL PATHWAY: STONY CREEK

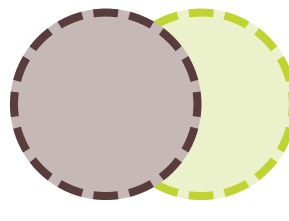
2012–2013 ——— 2016–2017 ——— 2020 ——— 2021 ——— 2021



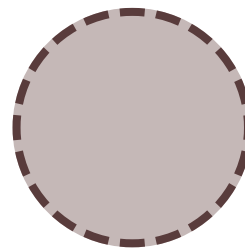
State and Federal Grants
One partial equipment loan
Angel Round of \$0.19M



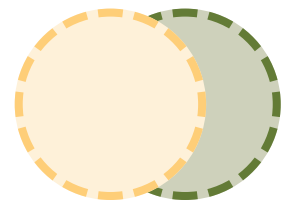
Series Seed of \$2.17M
Series A with New Market Tax Credit Financing, \$3.3M in equity, \$2M “loan” as tax credit investment



Series A2 \$0.84M
Convertible Note \$1.1M
Seeking \$20,000 grant for “mini mill” indigo dye range upgrade to allow development in house



Planning \$7-9M Series B equity funding round closing Q1 2021
Seeking \$500k–\$1M in equipment loan



Seeking philanthropic partners to pilot fashion supply chain lending program to allow for “factoring” of long term commitments to purchase needed inputs (dye/fiber) from regenerative ag supply chains

TYPES OF CAPITAL



NON-FINANCIAL SUPPORT

Business Planning TA
Network Connections
Advisory Support



GRANTS

State & Federal Grants
Philanthropic Grants



LOAN GUARANTEES

Philanthropic Guarantees
Guarantee Pools



LOANS

Friends/Family Loans
Other Debt Financing
Bank Loans



INVESTMENTS

Revenue Share Agreements
PRIs & MRIs
Equity