SmarTextil

Sustainability & Traceability

Executive summary

What is SmarTextil?

SmarTextil is a specialised information manager start-up that applies **circular economy** concepts in the textile industry to improve the management of end-of-life products, through secure traceability of materials in order to optimise their utilisation.

Our approach allows not only to improve recycling, but also to assess the **sustainability** of the garments made by textile brands.

Who is behind SmarTextil?

SmarTextil is developed by **three professionals** who are enthusiastic about the circular economy and aware of the imperative need to create new tangible sustainable alternatives to the textile supply chain given the high level of consumption. We have two **environmental scientists**, one of whom is a **geographer**, and an **energy engineer**. In addition, the entire team is trained in environmental management.

At SmarTextil we occupy the following positions:

Marina Moreno Álvarez	Director
Nuria Serrano Barthe	IT Manager
Javier Díez Medina	Environment Manager

The founding team has a staff of 3 employees during the first year of the company, growing to 15 employees with the planned expansion.

Purpose, vision, mission and values

Purpose: We exist to create traceable, transparent, robust, digital and sustainable supply chains of the textile sector.

Mission: We give a robust knowledge hub where the manufacturer can check information related to the end of life of their products, eco-design, behaviour… and the waste manager and recycler can check the composition of the fibres received.
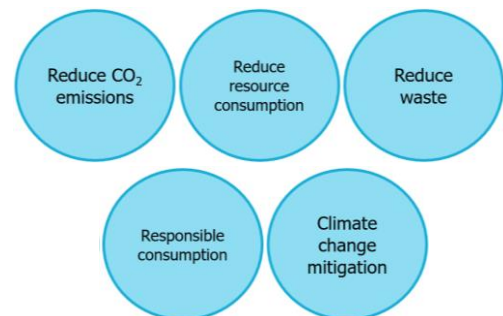
Vision: We want to achieve a change of thinking in the textile industry for the reuse of materials and circular economy.

Values: We seek for possibilities, not boundaries, based on a circular economy and partnerships to grow together.

What do we do?

SmarTextil offers a **traceability system** and consultancy service through a **knowledge hub** for textile manufacturers and recyclers. This facilitates companies' compliance with the new regulations, waste hierarchy and the subsequent recycling of garments.

With our activity, at SmarTextil we contribute to:

Reduce CO_2 emissions

Reduce resource consumption

Reduce waste

Responsible consumption

Climate change mitigation

Why now? What problem do we solve?

The current textile industry follows an **unsustainable linear model** in which people buy garments and when they get tired of them, garments are thrown away to buy another one: this model is unstainable in the long term. This is why a **new regulation framework** (Directive (UE) 2008/851 and Law 7/2022) drives to make a change from a linear to a circular model by the implementation of the EPR, among other measures.

We encourage the **Circular Economy** and promote the culture of responsible production and consumption by providing truthful information to manufacturers and consumers. In this way,

instead of textile garments ending up in landfill, we give them a new life.

How do we do it?

We collaborate with major **textile companies** who, by implementing an RFID on their garments, will have access to all the information we provide them with for subsequent use to **recyclers**. On the other hand, we consider **public administrations** to make this transition as easy as possible for citizens.

Consumers would only have to dispose of the garments they no longer want to wear in specialised bins to facilitate their collection and subsequent recycling.
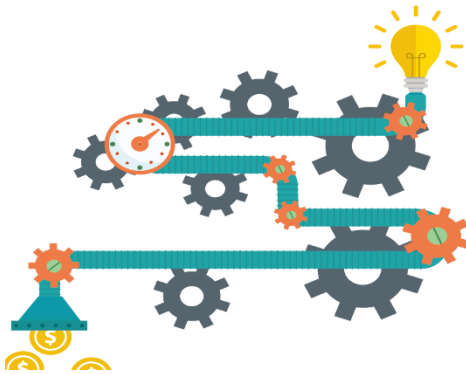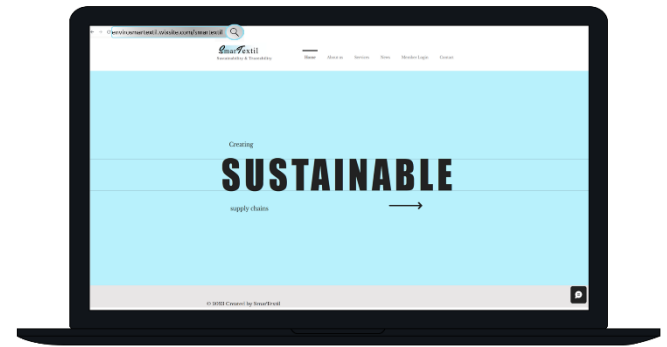

What services do we offer?

We offer a knowledge hub about the different garment **compositions** and impacts. They can be:

MONO
BI   } MATERIAL
MULTI

We also develop a **consultancy service** where drafting of monthly reports about flows, impacts and qualities among other issues is delivered to the client.

All our services can be found on the SmarTextil website.

How do we create value?

For **manufacturers**:

- ✓ Verified information about the garments (**ecocosts**).
- ✓ Compliance with European waste and circular economy **regulations**.

For **recyclers**:

- ✓ Automatic separation of garments according to their composition (quality and guarantee).
- ✓ More economic return on the selected material thanks to **quality increase**.

For **consumers**:

- ✓ Access **verified information** for more responsible consumption (as the manufacturer desires).

For the **planet**:

- ✓ Increasing the **circularity** of textile materials results in less resource consumption, landfill and emissions.
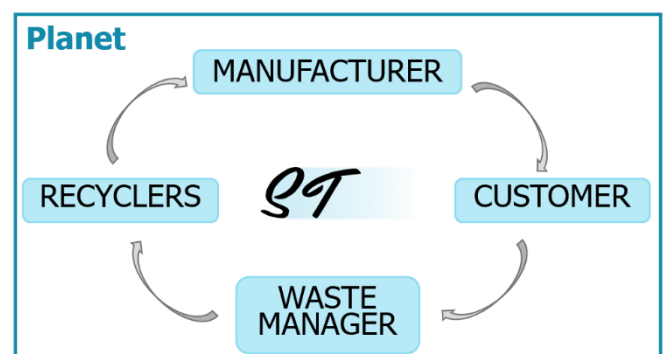
Where and for whom do we do it?

During the first years of the activity the commercial areas are located in **Madrid** and **Valencia** due to

the greater number of manufacturers and recyclers.

The following years the strategic plan contemplates the commercial area extension to **A Coruña** to expand the network to more manufacturers and the last year in **Málaga** given its port importance and to gain presence in the southern part of Spain.

How do we reach our users?

SmarTextil's objective is to achieve **partnerships** with its customers thanks to the commercial area work, which is essential for its business development.

This is done in two ways: **visits** to both manufacturers and recyclers and through our website.

How much does it cost us?

SmarTextil's main investment is made up of physical and human resources and communication & marketing.

Our **capital**, which amounts to 60.000€ is made up of contributions from the founding partners and external investors.

External long-term loans amounting to 100.000€ are also used.

In order to calculate our **revenues**, both SmarTextil's increased capacity to trace more tonnes of garments, as well as the country's capacity to expand the network of textile recycling plants have to be considered.
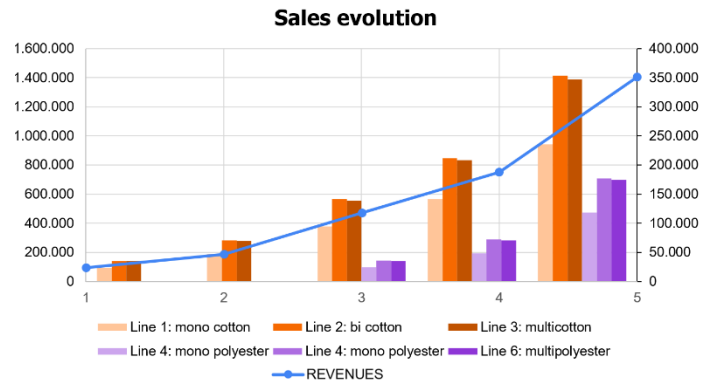
Considering the costs and revenues of SmarTextil's activity, the **profit and loss** account shows a positive profit from year 3 onwards.

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	**93.570**	**187.141**	**469.723**	**752.306**	**1.405.278**
Expenses	183.609	226.245	435.059	546.442	734.765
Amortisation	607	202	1.820	2.549	3.034
Profit	**-90.646**	**-39.306**	**32.844**	**203.315**	**667.479**
Financial expenses & taxes	4.000	4.000	10.211	51.829	167.870
Net profit	**-94.646**	**-43.306**	**22.633**	**151.486**	**499.609**

We highlight the **profitability** of the SmarTextil business model for the five-year projection studied, considering regulatory, social and market factors.

PROFITABILITY					
	Year 1	Year 2	Year 3	Year 4	Year 5
ROI	-138,70%	-178,28%	289,44%	157,00%	112,04%
ROE	273,18%	55,56%	-40,91%	157,52%	83,86%

NPV	87.592 €
IRR	**38,87%**

All the above, together with NPV and IRR values, position **SmarTextil** as a profitable company for potential partners and investors.

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