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SMX identifies new market for significant growth making 'take/re-use-make-recycle' possible

Equilibrium Economy: supporting the growing circular fashion economy

- SMX identifies circular/sustainable economies within the fashion industry as new market with huge growth opportunities
- World leading fashion houses are investing heavily into recycling technologies providing significant commercial opportunities
- SMX's technology to revolutionise the way garment collection and recycling plants currently operate

Security Matters Limited (ASX: SMX) (Security Matters or the Company), a brand protection, supply chain integrity and blockchain technology company focussed on becoming the global record of physical goods, is pleased to announce it has identified a new market with significant opportunities for growth and has developed a new commercial concept to capitalise on this market.

Equilibrium Economy

In addition to its current operations, SMX has identified sustainable and circular economies as a large opportunity for growth and commercialisation of its technology and has developed the *Equilibrium Economy* concept to capitalise on this vast opportunity.

More specifically SMX has identified the fashion and textiles industry as a key opportunity due to its size, growth rate and the number of large players operating in the sector.

Sustainable fashion

In fashion, sustainable and circular economies refer to the 'take/re-use-make-recycle' model of textile-based products that is becoming increasingly important as a result of heightening corporate social responsibility and sustainability pressures in the sector. The fashion industry alone, a \$100 billion opportunity has been identified from the re-use of garments, textiles and fibres and a number of world leading fashion brands are investing in sustainable measures including recycling technologies and used item collection.

An emerging market with huge upside

The Sustainable Fashion Blueprint 2018 report compiled from research undertaken by The University of Cambridge cites that the global fashion market is worth 1 trillion Euros and is the seventh largest economy in the world. It is also estimated that the industry disposes of 500,000 tons of microfibre into the ocean each year, the equivalent to ~3 million barrels of oil.

As a result, leading fashion houses are moving away from a linear model (take-make-dispose) to a circular model (take/re-use-make-recycle) that reduces costs and capitalises on the re-use of existing products.

Current industry examples.

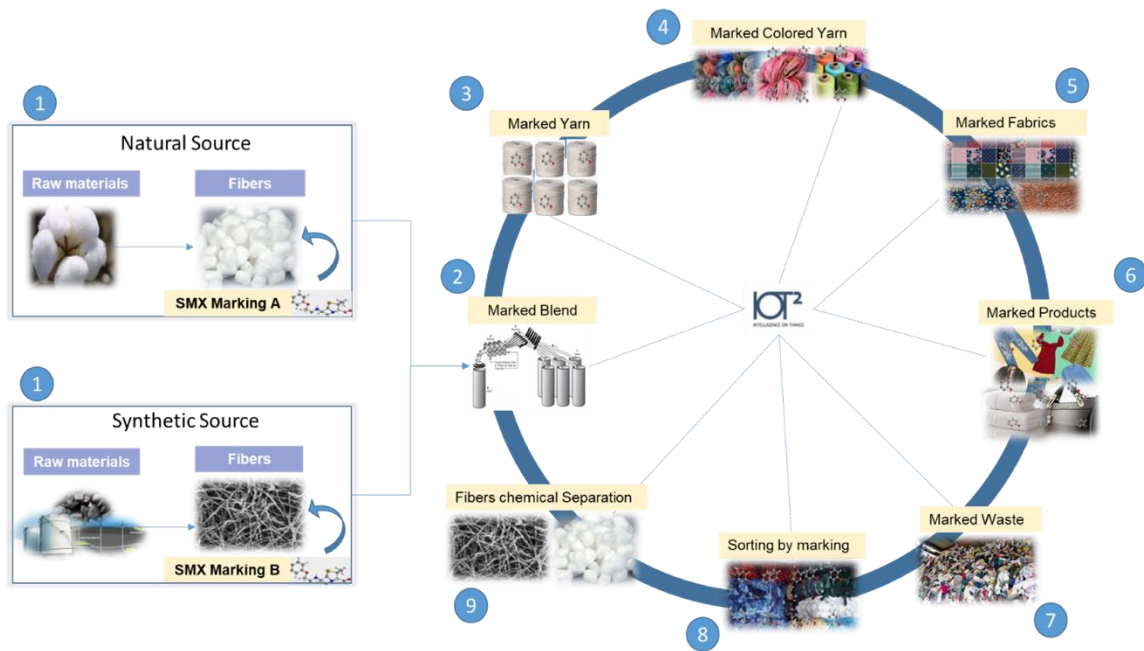
- Zara owner Inditex is working with the charity Cáritas to install between 1,500 and 2,000 garment collection bins in Spain's major cities. It has pledged to invest \$3.5m to upgrade Cáritas garment recycling facilities and its collaborating with Lenzing to create a premium fibre known as Refibra from its cotton scraps.
- Gap Inc. claims it is identifying the 'most promising' recycling technologies for post-consumer materials across multiple product categories with an eye towards scaling them up by 2020.
- Tommy Hilfiger aims to use post-consumer recycled textile fibres in at least 70% of its business divisions “with the ambition to increase the recycled content year on year”.
- Hugo Boss will apply circular principles in every design brief, beginning with its Spring Summer 2020 collection.
- Target says it will invest \$1 million in post-consumer textile recycling technologies.
- H&M foundation plans by 2020 to provide roughly €5.8 million (about \$6.8 million) to bolster the Hong Kong Research Institute of Textiles and Apparel’s research into methods for recycling cotton-polyester blends.
- LVMH recently purchased a stake in Stella McCartney to help boost the group’s sustainability credentials.

Technology integration

SMX’s mark and trace technology puts in place the infrastructure that enables an *Equilibrium Economy* within the fashion industry to thrive by offering an end-to-end service: fibre-to-fabric. This provides manufacturers and retailers supply chain transparency, brand liability and overall cost savings by expediting the sorting and recycling process.

Using SMX’s revolutionary technology, companies will be able to invisibly mark, trace and store data on raw materials (fibres) across three life cycles; raw material to production, production to commercial, commercial to recycling and reuse. The data is then stored on the blockchain providing full supply chain transparency.

Using SMX’s proprietary reader, the marked fibres and garments are easy to identify, filter and extract.



Haggai Alon, Founder and CEO comments:

“In an era of growing consciousness and concern about the strain mass consumption is placing on the planet and its resources, fashion brands are questioning if they can be sustainable and maximise growth at the same time? It’s an issue SMX is able to provide an immediate, cost-effective and efficient solution to the fashion houses.

Traceability in fashion’s complex, fragmented global supply chain is crucial to verify best practices and creating real sustainable changes. We are the only technology company with the unique capability to mark, trace and verify raw materials (fibres), through every stage of the supply chain across the three lifecycles and log this information on the blockchain.

For example: The raw fibres (e.g. Wool, Organic Cotton, Polyester etc) can be verified during every stage of production and supply chain, to ensure that the raw material, fabric and final product has not been substituted, blended or tampered with. At the end of the garment’s lifecycle, the raw material can be accurately identified for recycling – enabling used garments to re-enter the economy again.

Given the rising social and legislative pressures, many fashion brands have taken the leap to change the way they operate to reduce their carbon footprint and promote a safer environment. This is a courageous move and SMX believes in supporting these fashion houses by providing the technological capabilities to help them, achieve their corporate responsibility and environmentally sustainable goals.

With Fashion Week SS 20 commencing in September, this is a valuable opportunity for us to showcase our technology and help drive progress and growth in this market by providing an accessible, economical and long-lasting solution.”

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About Security Matters Limited

Security Matters has commenced the commercialisation of its unique, patented technology that uses a hidden chemical-based 'barcode' to permanently and irrevocably 'mark' any object, be it solid, liquid or gas. The barcode is read using the company's unique 'reader' to access the corresponding stored data, recorded and protected using blockchain technology.

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