



Perfect Spinning

Economic, Environmentally Friendly Yarn



Certified by



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Executive summary

Aligning with the global trends and our governmental policies, especially after implementing the recommendations of the COP 27 and 28, The Egyptian state is moving forward in applying the principles of sustainability and preserving the environment. Hence, we present the Perfect company specialized of Yarn Manufacturing as an example and role model of this type of sustainable industries that work in the field of recycling industries of Textile, which has been completely restructured to be a leading company in the field, not only locally but globally to present environmentally friendly yarn manufacturing, it aims to reduce water and energy consumption, as well as the consumption of leftover cotton textiles and recycling it in a way that reuses them in particular know how which reducing carbon emissions. And as there are golden opportunities for the company to be expanded horizontally and vertically, with the company's human resources, machines, and complete governance, we are looking for to cooperate with the leading Chinese corporate in this field to find a strategic partner in the form of partnership or technology transfer to increasing the market share, not in Egypt and the Arab region, but globally, especially. Therefore, we kindly invite your excellency to read and evaluate this idea through the presentation presented in the following pages, which we hope will meet with your approval.

Thanks and appreciate your kindly feed back



About Perfect Spinning

We are Egypt's *first and only* globally certified recycler and vertically integrated recycled textile manufacturer.

A pioneering recycler and producer of high-quality open-end yarn through recycling fabric scraps.

Perfect Spinning delivers competitively priced, sustainably-sourced yarn by capitalizing on extensive know-how, reliable processes and experienced team members. We exclusively use recycled raw materials instead of virgin materials and contribute to sustainably manufacturing many products in the textile and garment industries.

Committed to sustainable development, we use approaches that maximize the efficiency of sorting and processing while minimizing production waste. We also foster a motivating, safe, and ethical work environment that helps us improve our output and, in turn, cultivate shareholder satisfaction. Overall, we operate in line with a belief system that supports creating value while preserving environmental and social wellbeing.

Perfect Spinning is based in Sadat City, one of the largest industrial zones in Egypt, located between its two most populated cities, Cairo and Alexandria. Our facilities span 14,000 sqm. We have certified the **ISO 9001:2015, ISO 14001:2015, ISO 14064:2018** certifications and are the only Egyptian recycler certified by the **Global Recycled Standard (GRS)**.



A Summary of Perfect Spinning

Our Process

Our production process is integrated and divided into three phases, each generating distinct output that can be sold independently: tearing produces shoddy, carding produces fiber, drawing longitudinal fibers and spinning produces yarn.

Our factory operates round the clock, 24/7, with three shifts to maximize productivity. We have eight dedicated production lines solely focused on spinning, and we offer a diverse range of yarn count products, with different options ranging from NE 3/1 to NE 24/1. All our carding machines are up-to-date and regularly maintained.

Our Products

➤ ***Recycled and sustainable yarn,***
which is divided into three categories:

1) 100% Cotton (Open-end carded cotton)

NE 6/1 NE 9/1
NE 12/1 NE 20/1

2) Blends (Open-end carded cotton)

Recycled polyester/recycled cotton,
customizable

3) Organic Cotton (Open-end carded cotton)

NE 6/1 NE 9/1
NE 12/1

Our Numbers

4.5K+

tons/year

Carded open-end
yarn produced

13

tons/day

Carded open-end
yarn produced

235

Employees

20+

yarn count

Carded open-end
yarn

5

Spinning
production stages

10

Spinning
production lines

Our products are used to manufacture many consumer goods, including home textiles and garments.



Sheets
Organic cotton



Towels
Blends



Rugs
Blends



T-Shirts
Blends

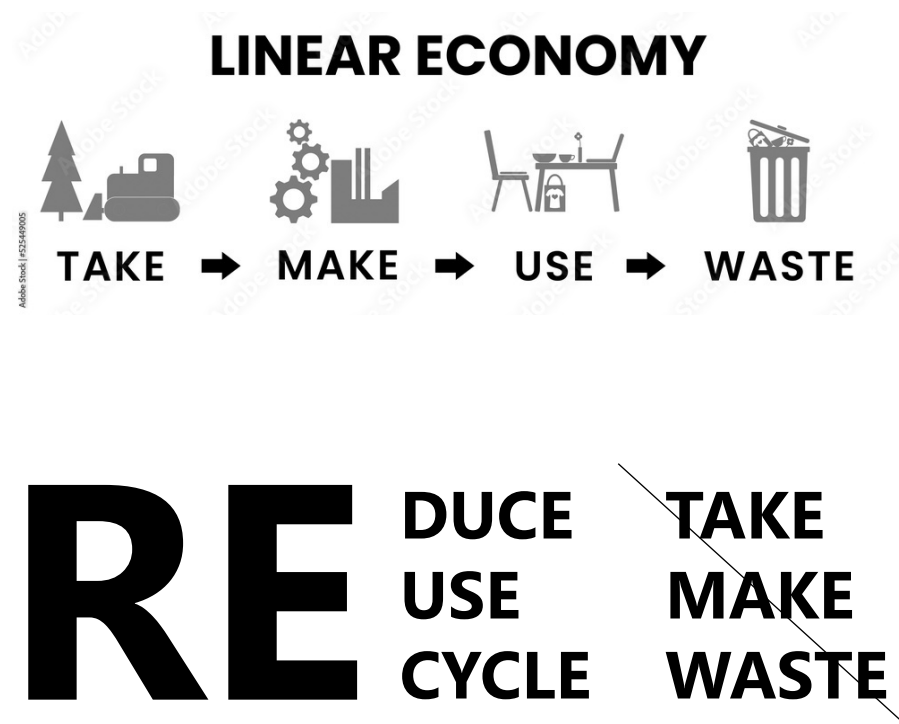


Surgical Cotton
Fibers



We advocate for collective responsibility toward sustainable change.

We understand the importance of considering the needs of both present and future generations while balancing the demands placed on our planet and industries. The staggering increase in the world population from 1 billion in 1804 to 6.7 billion in 2023 has resulted in a growing consumer base seeking products that enhance their lives with convenience and pleasure. However, this has led to a culture of mass production and single-use consumption, causing two critical challenges: resource scarcity and waste accumulation. Committed to making a positive impact, Perfect Spinning has embraced a transformative shift from the linear "Take, Make, and Waste" model to the more sustainable **"Reuse, Reduce, and Recycle"** approach, contributing to a greener and cleaner world.



Our Philosophy

Our Mission

To conduct business that is economically, socially, and environmentally sustainable, as well as help keep all materials in a continuous cycle.

Our Vision

To lead the change toward recycling, reuse textile waste, and become a leading global manufacturer of high quality and sustainable yarn.

Our Approach

Our Goals



Eliminate waste



Innovate new yarn and fiber products



Foster a shift to more sustainable products



Use technological advancement to develop high-quality sustainable products

Our Key Values



Continuously investing in new spinning technologies to keep our machinery up to date.



Investing in 100% recyclable solutions.



Creating fair and reliable products with scale.

Perfect Spinning is a success story in adopting fully responsible and certified textile recycling and manufacturing approaches.

We founded Perfect Spinning to address the significant amounts of unutilized textile waste that go to landfills or are burned in Egypt. By recycling this textile waste, not only are we introducing new waste management and circular economy practices to the recycling industry, but we are also able to reduce the country's reliance on imported textile materials, saving on foreign currency spending. Furthermore, Egypt used to export its unutilized text waste due to a lack of use for it. Since the start of operations like Perfect Spinning, high taxes are now imposed on textile waste export to encourage its local handling.

The popularity of recycled textile is growing, with more and more manufacturers using it to reduce environmental impact while maintaining profitability. We serve these growing markets by focusing on quality, efficiency, and responsibility.

How we do it

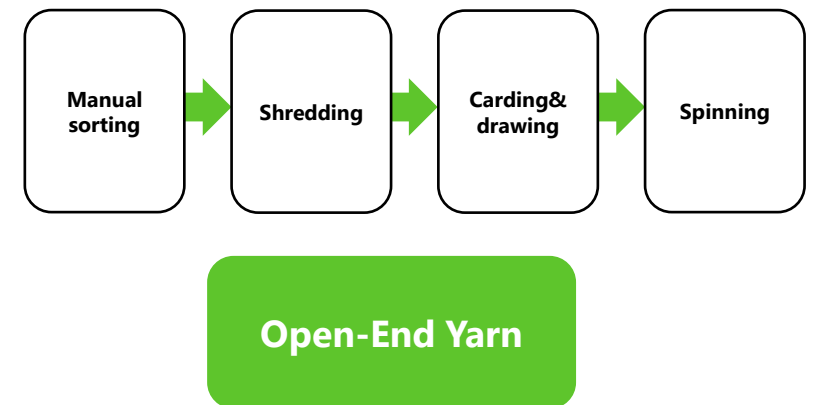
We use an open-end yarn process, which occurs over one manual and three automated stages. Each of these occur in one of our four facilities, all located on our premises in Sadat City.

Sorting: Manual sorting of the materials to ensure the correct classification and guarantee better results. All materials are sorted by type of fabric and by color.

Shredding & mechanical tearing: Tearing or shredding is effective in reducing the size of the materials being processed in preparation for carding.

Carding& drawing: Carders remove impurities and blend combinations of the raw materials into a web of fibers that are divided to roving, or thin sheets of uniform thickness, then drawing to control NEs to be prepared for spinning.

Spinning: The sheets are fed into the spinning machines, which thin them out so that the yarn can be spun by twisting the fiber around itself to form a spindle.



And despite shifting market conditions, our triple-bottom-line performance remains consistent.

We adopt a triple-bottom-line framework to maximize business and shareholder value, while maintaining our commitments to reducing negative impact on the environment and improving social value for our people and surrounding communities.

People	Planet	Profit
<p>Perfect Spinning employs 235 individuals from around Egypt, 15% of which are women.</p> <p>The average monthly compensation and benefits package for an employee.</p> <p>We focus on fostering a safe workspace, and regularly provide our people with trainings.</p>	<p>We use 100% sustainable raw materials in our manufacturing process.</p> <p>All sourced fabrics are waste materials, and 100% of the polyester used is recycled.</p> <p>We do not use dyes in colouring our products.</p> <p>We closely follow the GRS framework for eco-friendly manufacturing.</p>	<p>We reported consistent revenue growth over the past three years.</p> <p>Gross profit in FY2022 reached EGP 16.4 million, with our gross profit margin increasing to 22%.</p> <p>EBITDA reached EGP 7 million in FY2022 with the EBITDA margin reaching 9%.</p> <p>Net profit reached EGP 2.6 million in FY2022, with the Net profit margin reaching 4%.</p>



Our deep-rooted commitment to sustainability as a business model can be seen in our alignment with the United Nation's Sustainable Development Goals (SDGs)



Goal 6: Ensure availability and sustainable management of water and sanitation for all.

Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

Our contribution:

We do not use any water in our textile recycling process, a resource that is typically heavily used in producing pristine fiber raw materials.



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Our contribution:

This speaks to our very core as a global recycling company with 100% localized resourcing and sustainable practices across the value chain.



Goal 10: Reduce inequality within and among countries.

Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Our contribution:

One of our manufacturing processes is fully powered by women, and we have zero tolerance for discrimination across our operation.



Goal 12: Ensure sustainable consumption and production patterns.

Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources

Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Our contribution:

We use 100% recycled materials across our value chain, and our business model is fully powered by recycling and sustainable practices.

We are ideally positioned global recycling partner with unique edges in local and global contexts.



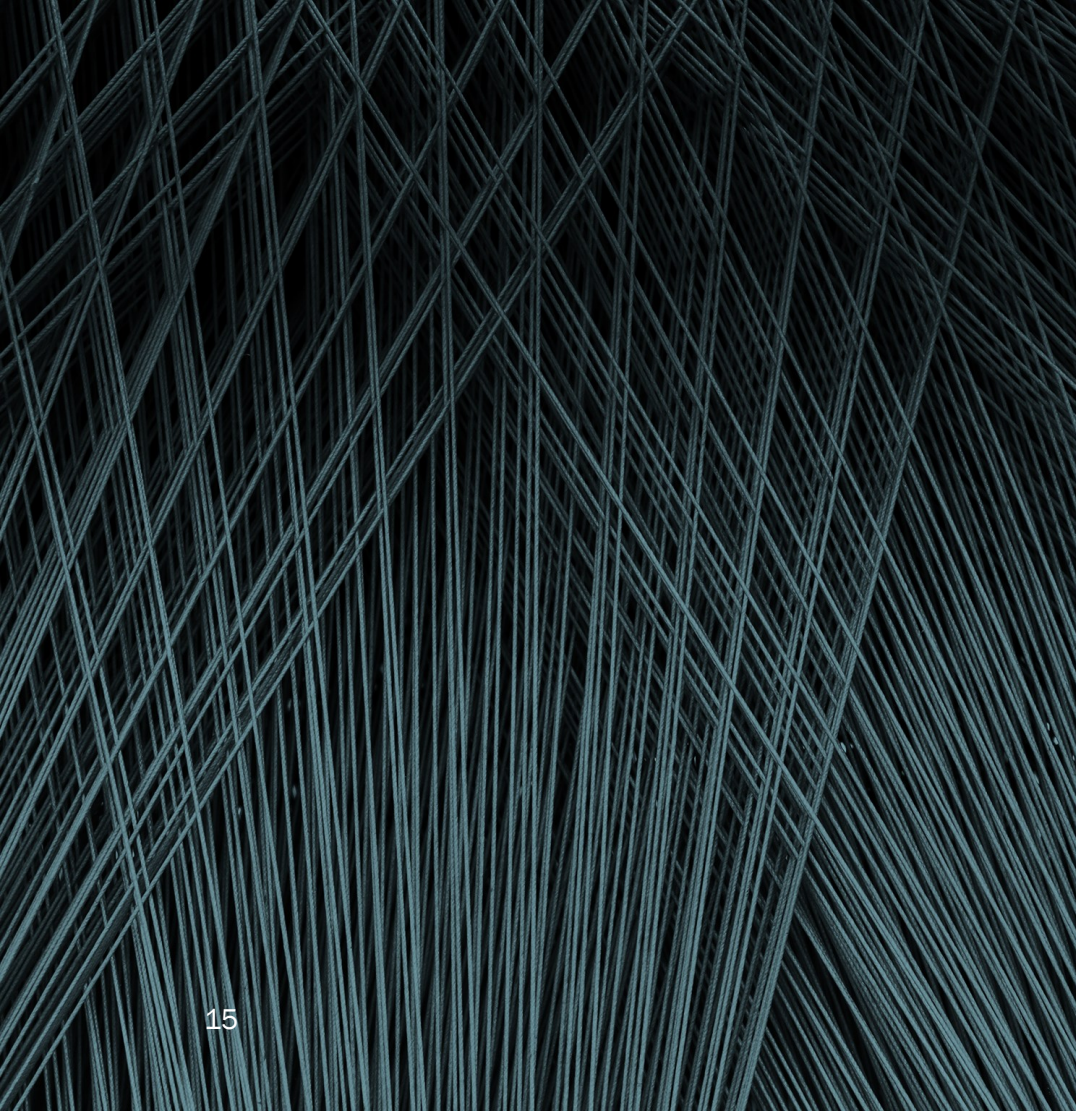
- We are one of a few textile recyclers in the world, and the **only one in the region** that is certified by the Global Recycled Standard, a requirement for providing recycled textile to European countries.
- Our **competitive pricing** and central location make us a cost-effective and eco-friendly alternative to our competitors from China, Bangladesh, Turkey, and India. Active factors here include:
 - The devaluation of the Egyptian pound
 - Proximity to African and European countries, and manageable access to South American countries
 - Egypt's multiple trade agreements
 - The reduced cost of recycled cotton (50% less than pristine cotton)

- Two words – **quality assurance**. Our vertically integrated process, from sorting to spinning, ensures that we have full control over our supply chain, allowing us to maintain high quality and consistency across our products. We also rely on our **traceability system** to ensure that every single resource we use is recycled.

And finally, we help environment by elimination of

- **use water**
- **emit CO₂**
- **We do not use dyes or harmful chemicals**

We also use multiple tools and practices to optimize efficiency and maximize positive outcomes across the operation.



Our **lean manufacturing projects** helped us reduce wasted time and resources and streamline operations in more than one area.

- We reduced total costs across our supply chain by localizing our suppliers and minimizing waste.
- We decreased manufacturing times to optimized levels to reduce time loss and accelerate the recycling process.
- We began implementing Just-In-Time (JIT) techniques to improve efficiency and resolve bottlenecks, maintain quality control, optimize the use of equipment, and secure the supply chain.
- We upped inventory returns and minimized administrative and GLA costs.

As a prerequisite to some of our employment positions, we provide our people with **technician, machine, limited handling, and health & safety trainings**. We are also looking to provide additional courses in supply chain, costing, and marketing.

Our capacities are growing to meet high local and global demand.

With a leading market share of up to 65%, Perfect Spinning leads the way in recycled textile production and sales within Egypt. Our product range effectively meets manufacturing requirements for various end products, including rugs, socks, and towels.

We are proactively expanding our production capacities to cater to growing local and global markets. We have successfully entered international markets, serving customers in Brazil, Italy, Portugal, and Syria, and have upcoming plans to expand into the promising markets of Spain, Turkey, and South Africa.





Zooming Out

A look at the impact of textile and fiber manufacturing, and what recycling can bring to the table.

Challenges facing industries that rely on pristine fiber are rooted in environmental and social impact.

Industries that rely on pristine fiber heavily consume natural resources to produce raw materials, and regularly use harmful elements to process and manufacture their products. Pristine fiber agriculture and manufacturing is a major strain on the global fresh water supply and is increasingly contributing to greenhouse gas (GHG) emissions across its value chain. The industries' waste is also poorly managed, with landfills growing every day. Moreover, the social impacts of fiber processing and production can be severe, with workers often subjected to low pay, long hours, and hazardous working conditions. Communities around the world are impacted by the pollution caused by pristine fiber and its related products' production.



Fresh water is overused in cotton agriculture. Between 7,500 and 10,000 liters are required to grow 1kg of cotton.



Pre- and post-consumer waste are a serious environmental threat. Most clothing waste (~80%) is either incinerated or disposed of in landfills.

Microplastics are polluting the oceans at alarming rates, with around 190K tons of microplastic fibers ending up in ocean water annually.

Textile dyes are responsible for 20% of the world's industrial water pollution.



Up to 10% of the world's **GHG emissions** and 20% of the world's **water waste** are attributed to the fashion industry.

15-35 tons of **CO₂** are produced with every ton of pristine cotton.

Polyester fiber production uses 70 million barrels of oil a year and produces 282 billion tons of CO₂.



Fashion factory workers around the world are severely underpaid, with a mere 2% estimated to be making a living wage.

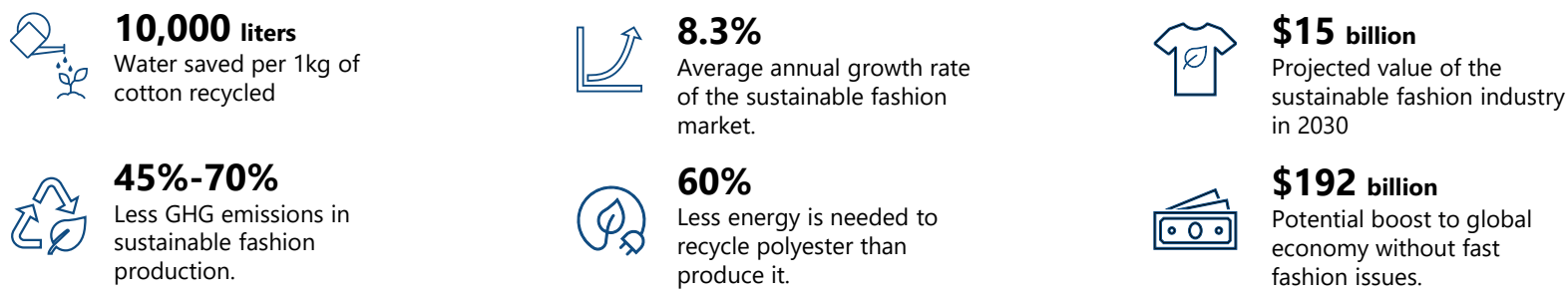
The fashion industry uses low-skilled, cheap labor and, as a result, often uses **child labor**.

Trends are shifting towards sustainable practices around the world, and we're starting to see changes in major consumer-facing industries.

There have been significant improvements in the sustainability of fiber recycling and production industries around the world. Companies are increasingly turning to sustainable materials and production methods, and new technologies are being developed to make recycling more efficient. According to a report by McKinsey, "the industry is on the cusp of a profound shift," with innovations such as closed-loop production systems reducing waste and pollution. In addition, there is a growing focus on transparency and accountability in the industry, with certifications and labels such as the Global Recycled Standard (GRS) helping consumers to make more sustainable choices.

Quick Insights: The Fashion Industry as an Example of Shifting Trends in a Fiber-Based Industry

More and more consumers are growing to embrace **sustainable clothing, for example**, opening doors for the industry to improve its environmental footprint without impacting its sales. This is forecasted to have substantial impact on the future of the industry.



Examples of major fashion brands that started embracing recycled fiber and sustainable fashion



Central solutions that industries are embracing include waste management techniques that reduce and reuse resources.

Recycling and reusing waste has undeniable economic, social, and environmental benefits:

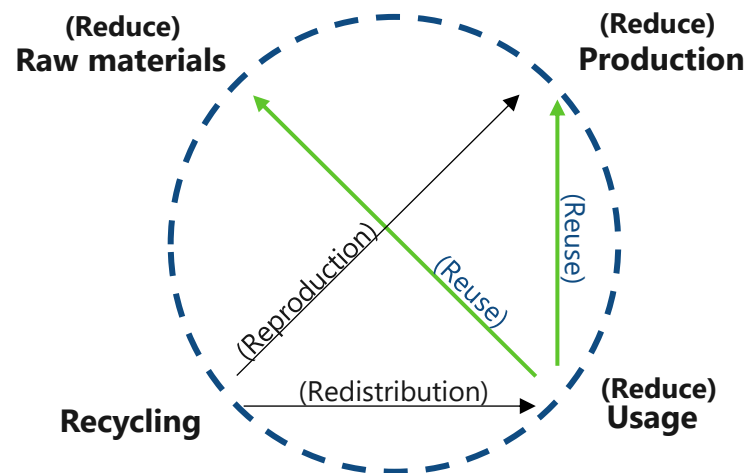
- Creates a new revenue stream for recycling companies
- Offers a practical solution in lieu of sacrificing land plots to landfills, especially in over-populated areas
- Caters to fast-paced industrialization and its demand for affordable materials
- Releases stress on raw materials that are being consumed at a quick and largely unalterable rate

Recycling in textile is steadily growing. The global textile recycling market was valued at \$4.35 billion in 2021 and is expected to reach USD 6.13 billion by 2030. Cotton was the most recycled waste material in 2021, with a share of 30.7%, and \$1.33 billion in revenues. The fashion industry accounts for 40.2% of global textile recycling, the largest share, bringing in \$1.74 billion in revenues in 2021.



Recycling is a start, with circular economy practices bringing manufacturing practices full circle through reducing and reusing.

Moving away from linear production practices and embracing circular economy practices is becoming part and parcel of responsible textile industry applications. The process depends on the concept of “reusing” and on maximizing the efficiency of the materials and products used in a manufacturing cycle.



Source: Springer Link, Circular Economy and Sustainability of the Clothing and Textile Industry

Circular economy practices in textile require extensive know-how of best practices by manufacturers.

The impact of the recycling process can be damaging to fiber quality, and so only around 1% of fiber can be reentered into the clothing manufacturing process. However, creating blends using recycled and new fibers can create a new product that is both durable and sustainable. Synthetics can also be reduced to their chemical compounds and spun into new fibers.

Some circular economy practices can be expensive, and others can be impractical. Sorting fibers, for instance, can be a hurdle because most clothes are made of combinations of different fibers that can be hard to separate, especially because blending can happen at the fiber, yarn, and fabric levels.

This is why innovative solutions are required to approach the process and make the most out of possible outcomes in strategic, economic, and sustainable reuse of materials.

Now, how does Egypt factor in?

Over the years, the Egyptian government, in cooperation with public and private sector companies, launched multiple recycling initiatives. Indirectly impacting the future of textile recycling, the initiatives had short-, medium-, and long-term impact on Egypt's waste management cycles and practices. Relevant examples of these initiatives are:

2012	The Ministry of Environment launched the National Solid Waste Management Programme to lay the foundation for integrated solid waste management systems in four governorates. Financed by the Egyptian government, the European Union, the German Ministry for Economic Cooperation and Development (BMZ), and the State Secretariat for Economic Affairs (SECO) to the amount of €71.9 million, the project looked to establish Egypt's first independent waste management authority, and green light new national policies for waste management.
2018	Annual waste collection rates were rapidly growing, with annual collection amounts standing at 212K tons for formal sector.
2019	The Ministry of Environment announced its goal to reach an 80% recycling rate for municipal solid waste over seven years.
2020	Private companies showed active participation in recycling initiatives, with Nestle Egypt launching a digital platform to encourage citizens to recycle their plastic bottles, and PepsiCo launched "Recycle for Tomorrow" to recycle 8 million kgs of plastic waste by the end of 2021, with the first phase receiving an EGP 10 million budget

Chairman Board message

“Ensuring Perfect Spinning’s resilience in how to allow playing an active role in providing international, national support and raising our social contributions.” I am proud to introduce to you our commitment to continuing the sustainable development journey and its powerful impact. We strengthened our position as an advocate of green practices and social responsibility initiatives that decrease negative impact, promote health and accessibility, and change lives. Furthermore, because our work is empowered by our values and beliefs, in collective visions and joint efforts, we continued to comply with the objectives of Egypt Vision 2030. We embraced more business practices that inch us closer toward pioneering in circular economy on a global scale alongside thousands of companies worldwide, working to advance societal goals and eliminate carbon emissions, as well as maintaining our commitment to sustainable development goals and achieving tangible results in multiple directions. Also, I appreciate our team’s exemplary response and proactive conservative and contingency plans and relief projects of diverse optimisation strategies that have helped us save resources. Efficient lines, improved supply use, utilization, eco-friendly textile, and many other changes have allowed us to reduce our Carbon emissions and pave the way for more opportunities to decrease our overall impact of waste management on the environment. Our initiative fuels a will to advance Perfect Spinning persistently, and so we successfully enter this next stage with high readiness and ambitions, the high end of solid operations, growing initiatives, and clear goals that represent our vision and mission for a sustainable future. We are committed to remaining impactful and setting a role model for other companies looking to take the same route. We will continue to grow in the business of providing healthy, high-quality products to consumers, in addition to our advocacy for environmental protection, social development, and a greener future for all.



Thank you.

Have any questions?

**Email us directly at info@perfectspinning.com
and we'll get back to you as soon as possible.**