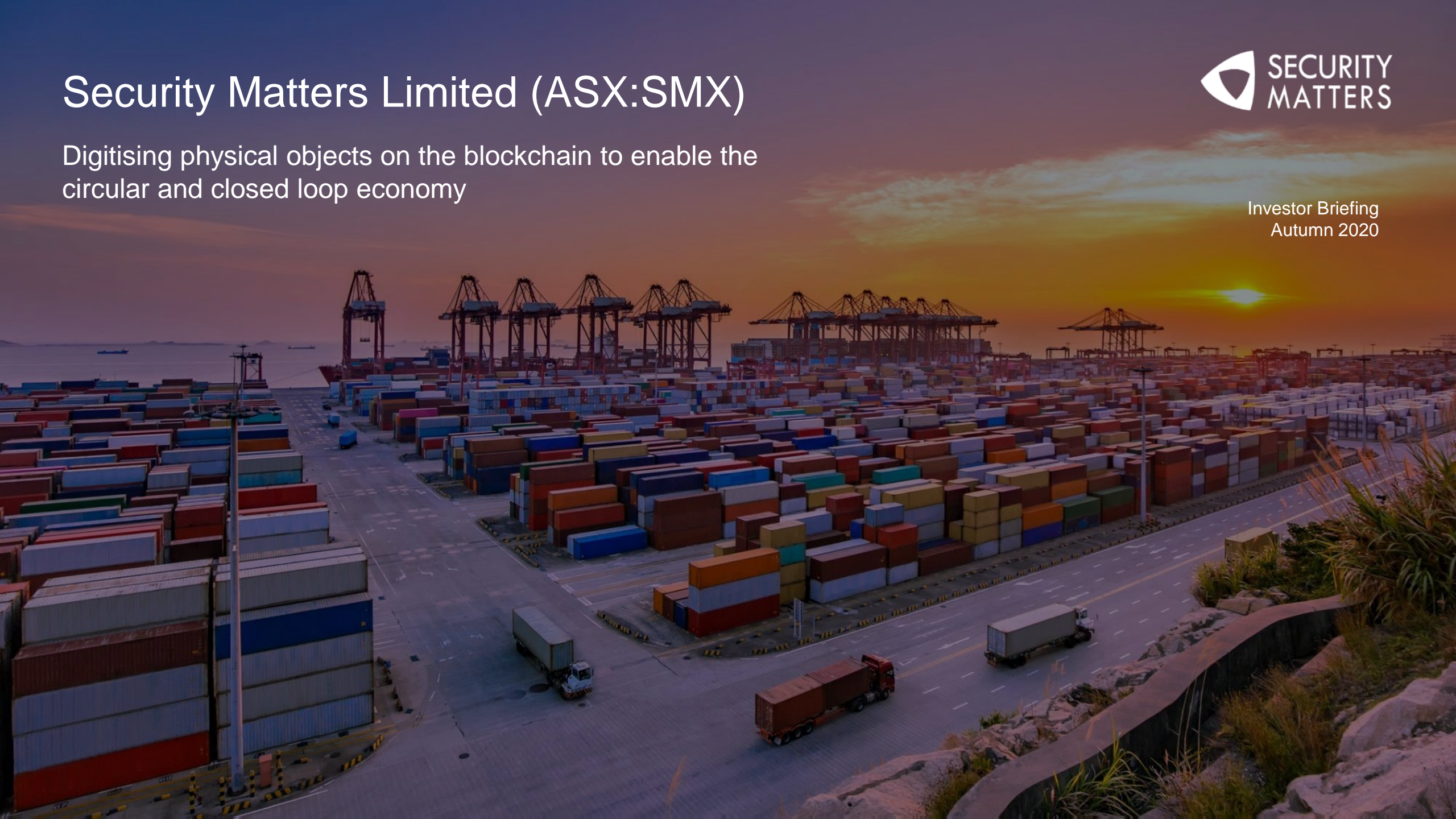


# Security Matters Limited (ASX:SMX)

Digitising physical objects on the blockchain to enable the circular and closed loop economy



Investor Briefing  
Autumn 2020



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1. Future
2. Digital Transformation
3. The Circular Economy
4. SMX Strategy



# 1. Future





# Our Vision

“Be the global standard & best practice for recording & connecting all physical goods with a digital twin on the blockchain”

# Recent Developments

## Major companies and retailers join BASF's reciChain pilot using SMX technology – August 2020

- BASF, CSSA, Layfield, London Drugs, Merlin Plastics, NOVA Chemicals and a number of other businesses join reciChain pilot
- SMX's technology to be used includes a marker embedded into both rigid and flexible to allow access and verification



## Security Matters accepted to World Business Council for Sustainable Development – June 2020

**Peter Bakker, President and CEO of WBCSD:**

“WBCSD is delighted to welcome Security Matters as our newest member. There is a huge potential for this kind of technology to revolutionize industries including fashion, electronics, agriculture, gold and precious stones. We look forward to working with Security Matters to help advance our shared goals”



## JV formed with the Perth Mint for mutual initiative in gold industry – July 2020

- Development of first mine-to-marketplace ethical gold supply chain technology solution
- Consortium of players from across the gold supply chain led by the Perth Mint



## Wine tracing JV formed – February 2020

- SMX formed JV with Global BevCo for development of wine trace of origin
- JV will combat counterfeiting and fraud in the wine industry

**SMX-B JV**

# Circular Value Chain Approach

1. **The Circular Value Chain Approach (CVCA)** posits a transition from the current open-ended regulatory approach towards a **closed-loop** one by facilitating cross-industry dialogue.
2. The CVCA introduces **Plastic Credits** to the market.
3. The trading of Plastic Credits between stakeholders is based on dollars and cents, and captures the economic benefits of the entire plastic value chain.
4. The CVCA is the optimal way to reach **Equilibrium Economy™** and to reduce the total amount of virgin plastic materials around the globe.

*Published globally*

**The New Plastic**  
**Economic Order:**  
**Regulate the entire value**  
**chain, not just the product**

Haggai Alon, CEO & Founder,  
Security Matters Ltd (SMX)

## 2. Digital Transformation

By being able to create a digital twin for every physical object, SMX enables different players in the value chain of production to create a global ledger of physical goods. Resulting in new business and revenue streams.

SMX is the white label, Paypal of the B2B Businesses - forming a new revenue model and business stream for companies balancing the use of both recycled and virgin raw materials during production.





# Security Matters - Overview



## Turnkey Technology Solution

A track & trace solution utilising a sub-molecular hidden 'marker' system, a unique 'reader', and a 'blockchain record' providing transparency and authentication



## Industry Disrupting Technology

Product authentication, brand accountability and quality assurance solution creates an auditable closed loop supply chain



## Market Agnostic

Currently active in chemistry, plastics, electronics, precious metals & minerals, food & beverage and agriculture markets



## Global Collaboration Partners

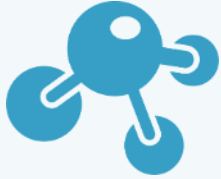
Key collaboration partners include BASF (chemicals), The Perth Mint (precious metals) and SMX-B (wine)



## Business Model Enabler

Disruptive tech solution addresses critical business needs (eg food security) and enables ESG initiatives such as plastics credits recording and recycling

# End to End Technology Solution



A chemical-based hidden marker system

- Permanent mark of any object either solid, liquid or gas
- Apply marks to multiple layers
- Combination of 500,000+ marker molecules ensure each mark is unique



A unique reader to identify these codes

- Patented sensitive reader receives response signal from marker
- Patented algorithm returns information on product retrieved from blockchain



A blockchain record to store and verify ownership data

- Records datasets through the supply chain
- Transfer of ownership
- Ensures proof of authenticity and quality assurance
- Visibility of supply chain movements

# 3. The Circular Economy



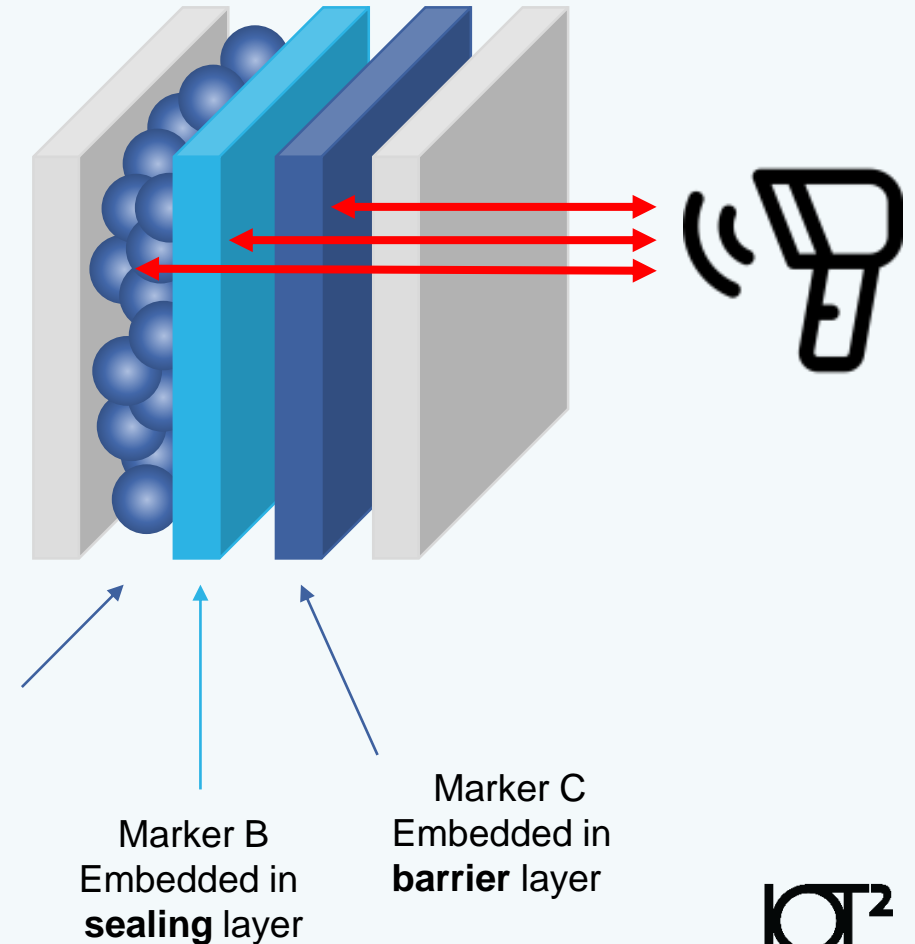


# Security Matters' solution Advantages



## Intelligence ON Things

- **Drop-in solution**, no change of production processes necessary
- **Read through** packaging capabilities
- One reader can detect all layers of protection
- **Non-destructive** analysis
- **On-line analysis** using hand-held reader
- **No change to properties** of raw material/product
- **Durable or dissolving** markers possible
- **Food contact** tracers
- **Industry 4.0** enabler



# Key Value Proposition

Enables the next  
industrial  
generation:  
Intelligence  
On Things



INTELLIGENCE ON THINGS

▪ Drop-in solution: Toolkit available for industry with no change of production processes necessary

Not replicable: Embedded markers in all layers, non-destructive reader and blockchain layer guarantees authenticity

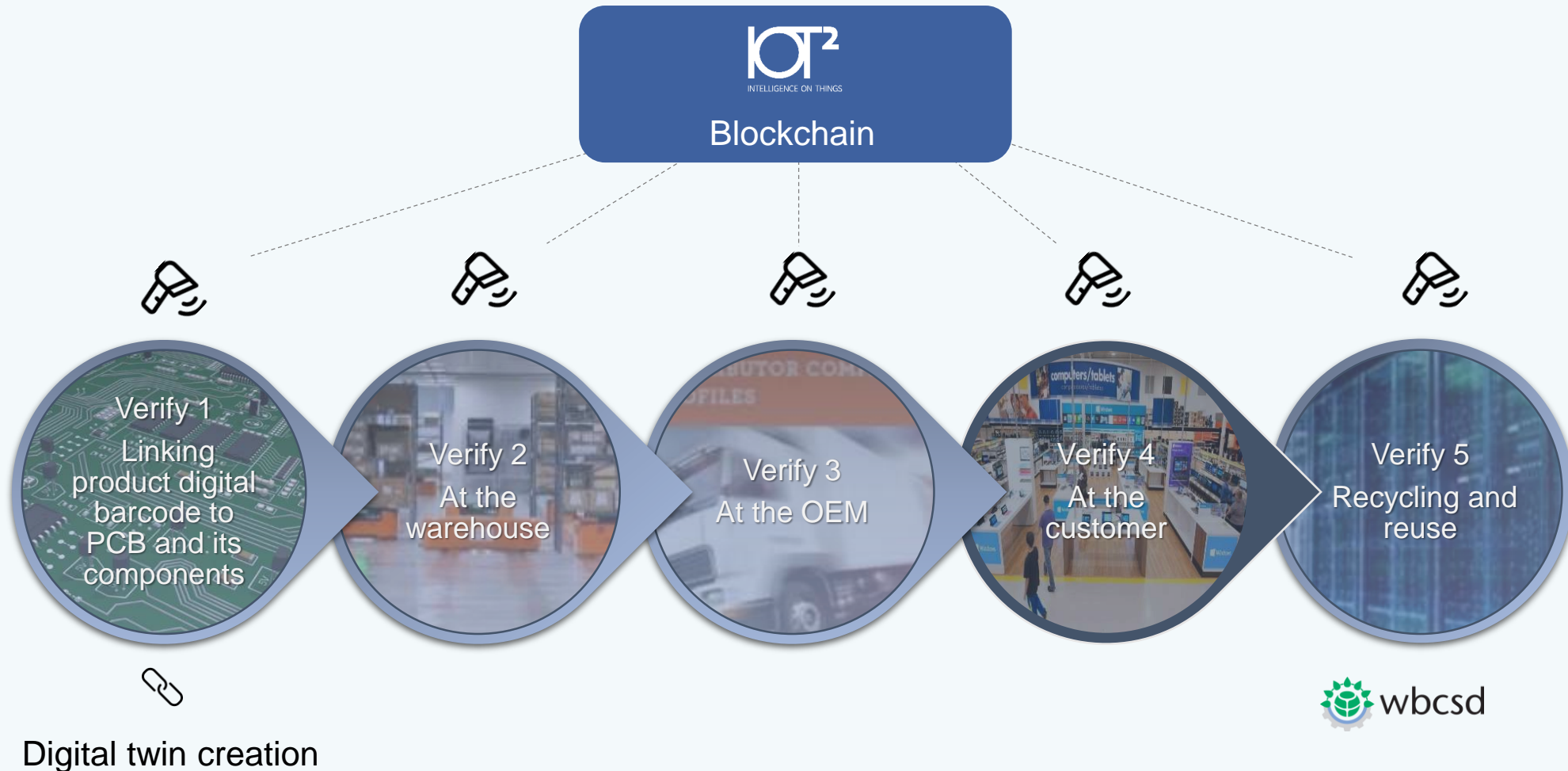
Best-in-class offering: Considerable value and operational advantages against competing technologies

Supply chain integrity: First reliable technology to provide end-to-end transparency to increase trust and reduce liability

Brand Authenticity: Gives brands a strong tool in the global fight against counterfeiting

Unlocks ESG Value: Carbon credit reporting, product lifecycle monitoring, recycling, anti-conflict

# SMX Transparent Supply Chain Management for Electronics





# Case Study: Food Security in a Post-Coronavirus World

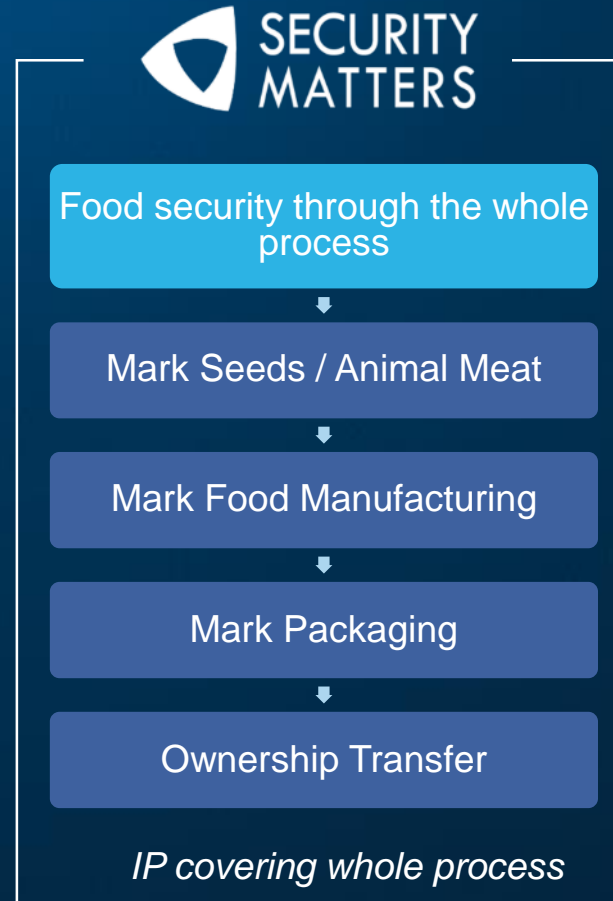
Coronavirus has changed world

Australia bio-security strategy needs to change

Global food chains in need of transparency & liability

No technology covers integrity from origin to production to consumption

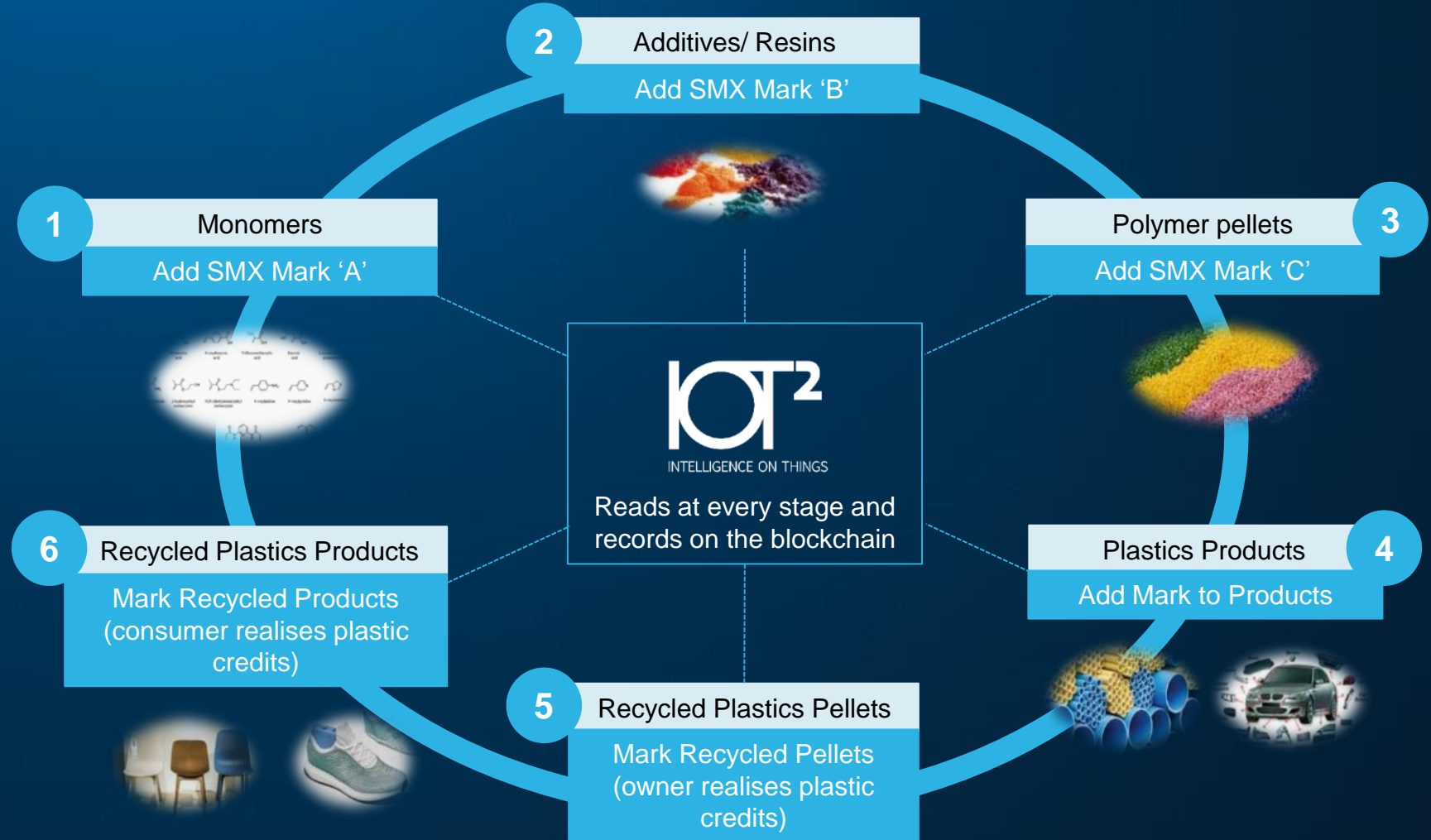
Making farm-to-plate possible

 SECURITY MATTERS

Traceability  
Authenticity  
Transparency  
=  
Food Security

# Case Study: The Circular Economy Enabling 'Plastic Credits'

- Data granularity:  
For the full life-cycle from  
production to recycling
- Plastic footprint  
transparency:  
Accountability for  
businesses, government  
& households
- Regulation: Enables tax  
deductions and liability
- A new economy:  
Tradeable along the  
supply chain





# 4. SMX Strategy





# Market Size: Counterfeit prevention

US\$284 billion

Amount spent by companies and governments globally to combat counterfeiting

US\$153 billion

Size of the anti-counterfeit technology market



Food and  
Beverage



Pharmaceuticals



Electronics



Fashion  
Brands



Precious Metals  
& Stones



Resources  
& Ore

*Counterfeit & provenance issues*

*Conflict & sourcing issues*

# Significant value potential in circular economy

- A study for the EU found GDP could potentially increase by 0.8% by 2030 compared to a baseline scenario<sup>1</sup>
- Another study for the EU forecast €1.8 trillion in benefits by 2030 from reduced resource costs, spending costs and externalities. This equals a 7% increase in GDP compared to business-as-usual<sup>2</sup>
- In Australia, it was found that a 5% improvement in the effectiveness of recycling and resource recovery could benefit Australia's GDP by as much as \$24 billion<sup>3</sup>

“Altogether our recycling and remanufacturing affiliates generate a revenue of half a billion euros, half of them being purely circular”<sup>4</sup>

**Jean-Philippe Hermine VP Environmental Strategy – Renault**

*Sources:*

1. Cambridge Econometrics (2014), Study on modelling of the economic and environmental impacts of raw material consumption
2. Ellen MacArthur Foundation (2015) Growth Within: A circular economy vision for a competitive Europe
3. Centre for International Economics (2017) Final report: Headline economic value for waste and materials efficiency in Australia)
4. <https://www.ellenmacarthurfoundation.org/our-work/approach/business>

# Roadmap for market entry

**SMX is executing on a clear three-stage roadmap for market entry:**

**Market  
leader  
adoption:**

- Adoption of the solution by a market leader providing “seal of approval” (e.g. BASF, Perth Mint)

**Become an  
industry  
standard**

- Leverage the market leader’s position in the market
- Increase adoption by other companies along the value chain

**Regulator  
adoption**

- SMX aims to become the preferred solution by regulators and professional associations in each industry



# Growth Plan & Business Model

## White Label B2B Strategy



Collaboration and partnership with industry leaders in each target segment to accelerate speed of adoption



Multiple revenue streams that grow and compound over time



Current



Chemicals



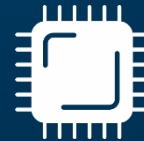
Precious Metals



Pharma



Food, Bev & Agri



Electronics

By End 2020

Timber

Lumber

Plastics

Cement

Ore & Rare Earths



Implementation Fee  
One-off for set-up

Technology License Fee  
Recurring SaaS payment

Service Fee  
Recurring based on usage

# Primary Strategic Projects: 2020



## BASF Performance Chemicals Collaboration

- Evaluating collaboration opportunities by bundling competences to jointly develop best practices and deliver solutions for a sustainable future
- BASF is a founding member of the Alliance to End Plastic Waste



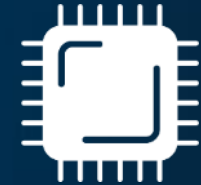
## SMX-B: Wine trace origin

- Leverage SMX system to tag, track and verify wine
- Joint venture formed



## Perth Mint: Gold

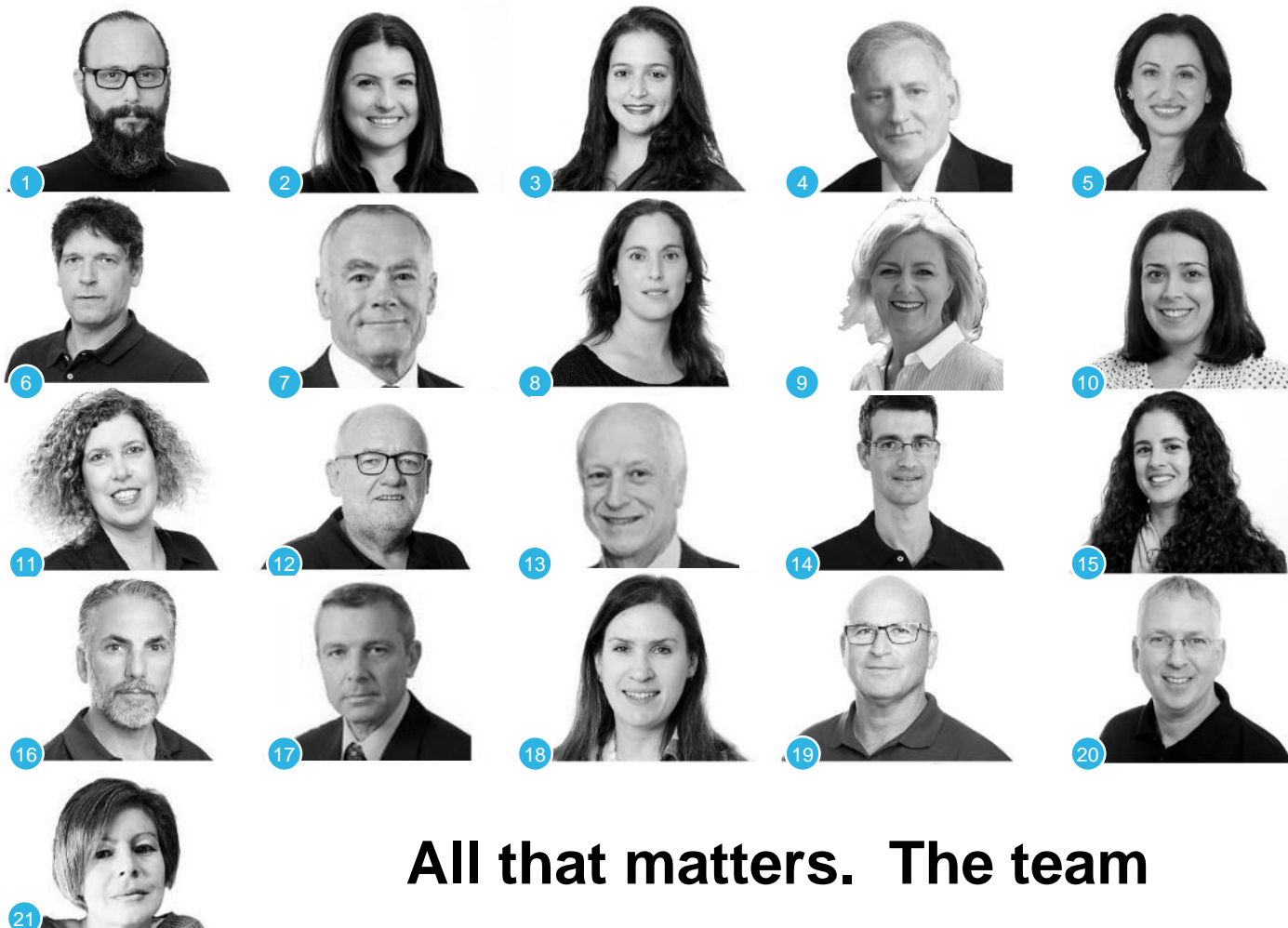
- Creating the world's first 'mine to product' transparency solution following responsible gold mining principles
- trueGold will be approaching key industry players to participate in the initiative



## Electronics

- Chosen to be in the Intel Ingenuity Partner Program

# Growing Expert Team



**All that matters. The team**

- 1 **Haggai Alon**, Founder, Executive Director & CEO
- 2 **Tehila Nahum**, Ph.D., VP Global Product Manager & head of Polymeric solution department
- 3 **Eng. Mor Kaplinsky**, Physics Applications Manager
- 4 **Yair Seroussi**, Banker, Advisory Board Member
- 5 **Jovanka Naumoska**, Australian based Non-Executive Director & Independent Director
- 6 **Nadav Yoran**, Ph.D., Head of IP, Algorithm and Blockchain
- 7 **John Poynton**, AO, Advisory Board Member
- 8 **Michal Firstenberg**, Ph.D., VP, Manager of Chemistry department & Markers division
- 9 **Kathryn Davies**, Australian-based Non-Executive Director & Independent Director
- 10 **Hagit Sade**, Ph.D., Head of Physical Chemistry application
- 11 **Yifat Bareket**, Ph.D., VP Global Product Manager
- 12 **Everardus (Ed) Hofland**, Executive Chairman
- 13 **Leon Kempler** AM, Advisory Board Member
- 14 **Yonatan Musnikow**, CFO
- 15 **Nataly Tal**, Ph.D., VP, Manager of Physics department & R&D solutions
- 16 **David Rosenblatt**, Valued Shareholder
- 17 **Major General Ami Shafran**, Head of Advisory Board
- 18 **Avital Trachtman**, Bs.C, Account and Product Manager
- 19 **Amir Bader**, Non-Executive Director
- 20 **Gal Shmueli**, CTO
- 21 **Maria Chuchaev**, M.Sc., Production & R&D lab technician

# Contacts



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Founder

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# Appendices





# trueGold Consortium – July 2020



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- Creating the world's first 'mine to product' transparency solution following responsible gold mining principles
- 50:50 JV between SMX and W.A. Mint Pty Ltd announced July 2020
  - 2 Directors nominated by each party
  - Hugh Morgan AC appointed Chair
  - Zeren Browne appointed Managing Director (formerly LVMH)
- Independent review of the Business Plan undertaken by Grant Angwin (former Chair of London Bullion Market Association)
- trueGold will be approaching key industry players to participate in the initiative
- Full commercial roll-out expected in 2021





# BASF Joint Development Agreement – April 2020



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- SMX and BASF signed a binding joint development agreement in April 2020
- Objective is to develop solutions for plastics traceability and circularity
- Security Matters will contribute its technology to enable physical and digital tracking of closed loop recycling, authenticate sustainability claims and improve sorting of plastic waste
- The partnership leverages BASF's extensive experience in plastic additives, regulatory know-how, and understanding of the plastics value chain
- Both companies will also combine their research & development capabilities and required resources as part of the agreement



