



IMPACT ESG INVESTMENT

Security Matters Limited (ASX:SMX)

Digitising physical objects to enable the
circular and closed loop economy



Spring 2021

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High Impact Potential for Positive Change

SMX's technology is an enabler for global companies across various industries to successfully transition to a sustainable circular economy. By adopting SMX's tech, they will be able to tangibly measure and track the raw material from origination, through the supply chain and at the end of life – where the exact amount of material recycled/reused from that product item can be measured and as well as the number of times, that specific material/item has been recycled/reused.

This gives brands/companies the option and ability to record all this on SMX's digital blockchain platform to accurately claim carbon & plastic credits that is tangibly linked to a physical recycled commodity – potentially resulting in a valuable tradeable asset.

The overall transition to the Circular Economy by incentivizing all the players along the value chain can be done by commoditizing and increasing the value of the recycled materials. Motivating the circular economy via the financial markets.

SMX believes it is the only technology that has tangibly demonstrated a full transparent circularity successfully.

Broad Market Applications and Appeal

SMX’s technology can be applied at a molecular level on any solids, liquids or gas at any point in the supply chain as a drop in solution. This enables SMX to work strategically in the following segmented markets, across a wide variety of materials.

Segmented Markets	Materials
Circular Economy / Supply Chain	Plastics, Rubber
Ethical Mining & Raw Minerals	Gold, Diamonds, Timber/Lumber, Cement, Ore & Rare Earths
Electronics & Components	Electronics & Silicon Wafer
Fashion & Cosmetics	Leather, Organic Silk, Organic Cotton, Wool, Vegan Leather, Polyester, EVA, TPU, ABX, PET
Sustainability & Food Security	Wine, Animal Feed, Palm Oil, Seeds

SMX’s potential for positive ESG impact is clear, and the ability to accurately and transparently measure has been proven. SMX’s tech appeals to a broad range of market applications which has the greatest potential for a positive return.

Enabling Technology to Successfully Transition to a Circular Economy



As global businesses faces new and complex challenges relating to carbon neutrality and meeting new governmental and regional regulations and standards – **SMX is able to offer players along the value chain access to its marking, tracking, measuring and digital platform technology to successfully transition to a low-carbon economy.**

SMX is a key technological tool in enabling brands/companies to:

- Use a transparent, measurable, tangible technology that can accurately identify the origins and material composition of all raw materials within the finish consumer product and its packaging, enabling it to re-enter the economy for recycling/reuse.
- Create a leading industry standard relating to carbon neutrality, ethics and the ability to meet new government regulations and standards.
- Adopt a transparent value chain stakeholder compliance approach.

CIRCULAR ECONOMY

The raw material is marked and recorded on blockchain to enable accurate identification for recycling and allows the company to lodge a credible carbon credit claim.

BLOCKCHAIN PLATFORM (optional)

Detect diversion of products and verify Product Authenticity in real time without destroying the item at any point in the supply chain and at retail level.

COMPLIANCE & LIABILITY

Enabler of compliance for ESG regulations, international customs and industry quality regulation. Markers are compatible with food regulation.



SUPPLY CHAIN INTEGRITY

Protection from Product Diversion/Loss or Dilution or Substitution

COMPREHENSIVE TRACEABILITY

Full traceability of product origin (i.e. Authenticate Ethical Sources & Origination) and supply chain history. Ability to read product's history by scanning the item. In addition to date & origin and material composition. It will be able to identify if any parts have been changed or repaired (where & when).

Our Vision



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

Circular closed loop economy

The core challenge of climate change and protecting the environment is not only limited to carbon emissions or coal, but about reusing products again, so we can reduce the amount of virgin materials we need.

It is uneconomical and inefficient to use 100% new materials in every product you manufacture.

By reclaiming & recycling the materials from unwanted products at the end of their lifecycle – it will be more efficient and economical for the business and the industry as a whole.

1

Ground breaking

2

Sustainable

3

Essential

1. Ground breaking

Technology for 3 product lifecycles



- Permanent marking of any object either solid, liquid or gas makes the technology ground breaking in the view of Security Matters.
- Security Matters offers an advanced next generation technology that can invisibly mark and store multiple data at a molecular level, in solids, liquids or gas.
- The code is created by a combination of molecules detected by a unique energy band.
- Marker embedded in or on materials and products can be read in real time via easy-to-use portable hand-held scanner and is protected by a blockchain secure ledger.
- Difficult to be replicated by any competitors and in SMX view it is superior to alternative forms of supply chain security.

2. Sustainable Accountability

Transparency & ownership of a full lifecycle data from origins of raw materials to key production phases & end of product life – recycling.

- A complete mine-to-marketplace ethical supply chain assurance & transparency technological platform that all parties along the value chain can utilize to fully monitor the complete lifecycle and origins in real time.
- Enables parties to authenticate and provide irrefutable proof of quality, quantity and origin of materials for credible ESG reporting for stakeholders, insurance, trading platforms, logistics, financing, international customs and industry regulations.

3. Essential

for Circular Closed Loop Economy to Function & Operate

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 - forming a new revenue model and business stream for companies balancing the use of both recycled and virgin raw materials during production.

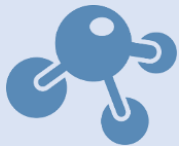
Note: Essential due to OECD guidelines regarding Extended Producer Responsibility, Sustainable Materials Management and participation in the Circular Economy. Refer to links below.

<https://www.oecd.org/environment/waste/Global%20Forum%20Tokyo%20Issues%20Paper%2030-5-2014.pdf>

https://ec.europa.eu/info/strategy/priorities-2019-2024/European-green-deal_en

End to End Technology Solution for Circularity

SMX is an environmentally sustainable technology that can accurately identify the origins and material composition of all raw materials within the finish consumer product and its packaging, enabling it to re-enter the economy for recycling/reuse.



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
- Does not change the composition, quality and characteristics such as colour, weight, taste and smell of the material.



A unique reader to identify these codes

- Patented sensitive reader receives response signal from marker
- Ability to read the data embedded in the item within seconds without having to destroy the product. No need to send the item to a special lab for testing.



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



The World Business Council for Sustainable Development (WBCSD) is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world.

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”



Plastics

BASF collaborates with SMX to accelerate progress towards a circular economy for plastics

Achim Sties, Senior Vice President, Performance Chemicals Europe, BASF SE:

“To tackle the global challenge, we have to rethink plastic applications with their end of life in mind ...

We (BASF & SMX) are jointly developing this game-changing technology that could capture information of the polymer and how the plastic moves through the entire production and distribution process. We will be able to devise an appropriate additive package for our customers and other players in the value chain using recycled material to capture more material value and increase resource productivity.”



Raw Commodities & Diamonds

SMX Tech and Blockchain Benefits For Ethical & ESG Compliance



For Raw Commodities, Precious Metals & Diamonds

Transaction transparency	<ul style="list-style-type: none">• Reduce credit risk and compliance burden• Help expedite funding & credit lines and reduce cost of funds to miners.• Enable accurate reporting of quantity and quality of mineral being mined and refined to financiers, traders and insurance.• Transparency and assurance based on science and technology – not paper based.
Authentication	<ul style="list-style-type: none">• Detect fraud and adulteration on the spot• Prevent unauthorised materials from entering production chain
Blockchain supply chain management	<ul style="list-style-type: none">• Linking of physical mineral directly with its digital twin• Highly secure digital records• Transparency between supply chain stakeholders• Non-disputable ledger
Sustainability & Liability	<ul style="list-style-type: none">• Source provenance - identification and verification• Trace back at end-of-life for recycling• Trace back at misuse, defect or accident
Monetize benefits of the Marker in a closed loop economy	<ul style="list-style-type: none">• De-risking & lowering cost of inventory financing models• Introduce a globally recognized industry standard for ‘grading’ based on quality and traceability where it can be priced and traded on the open market accordingly.



Gold trueGold™



Partnership with The Perth Mint



“This is a particularly significant development given the increasing focus on Environmental, Social and Governance (ESG) practices across the world pertaining to the gold supply chain.

This game changing technology will report the origin of the gold and how the metal moves through the entire production and distribution process. This complete transparency will instil even greater trust in a commodity which already provides the ultimate refuge during times of economic and geopolitical turmoil.”

Richard Hayes, CEO – The Perth Mint



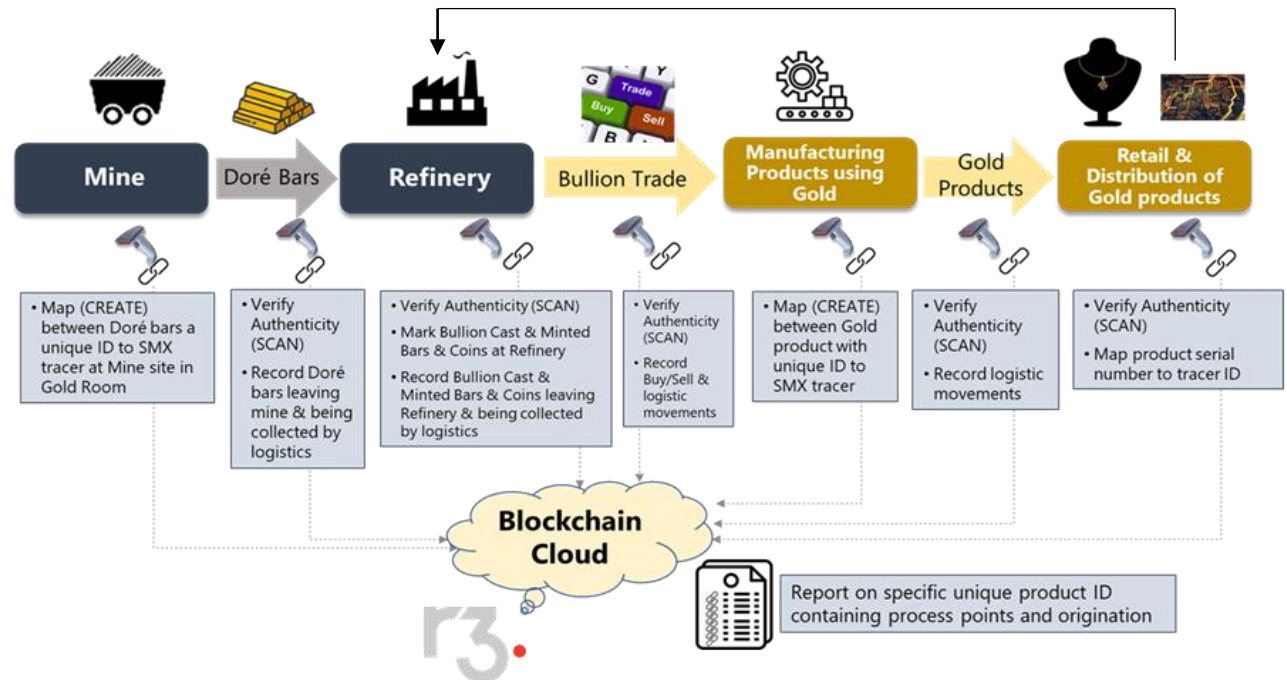
ESG & Ethical Compliance for the Gold Industry



FULL TRANSPARENCY FROM MINE TO RECYCLING AND BACK TO REFINING.

The world's first ethical gold supply chain assurance solution that spans the whole gold value chain from mine to refinery to terminal market thru recycling and back again to refinery.

- To enable the parties in the Gold value chain to authenticate and provide irrefutable proof of quality, quantity and origin of gold for credible ESG reporting for stakeholders, insurance, trading platforms, logistics, financing, international customs and industry regulations.
- To create a digital twin that is recorded on a digital blockchain platform, for every physical product - enabling different players in the Gold value chain of production to create a global ledger of physical goods.
- To enhance, compliment & promote the current ESG frameworks provided by WGC (Responsible Gold Mining Principles) and LBMA (Responsible Sourcing Programme), by offering its members a technology and blockchain platform that can promote and drive integrity, anti-counterfeiting, corporate transparency, accountability and sustainability.



SMX's blockchain platform is created and supported by R3 LLC. R3 leads a blockchain ecosystem of more than 300 firms used by international banks, financial services, insurance, healthcare, trade finance & digital assets.



Fashion Sustainability Competence Centre

Enabling Fashion Brands to Meet Carbon Neutrality & ESG Targets

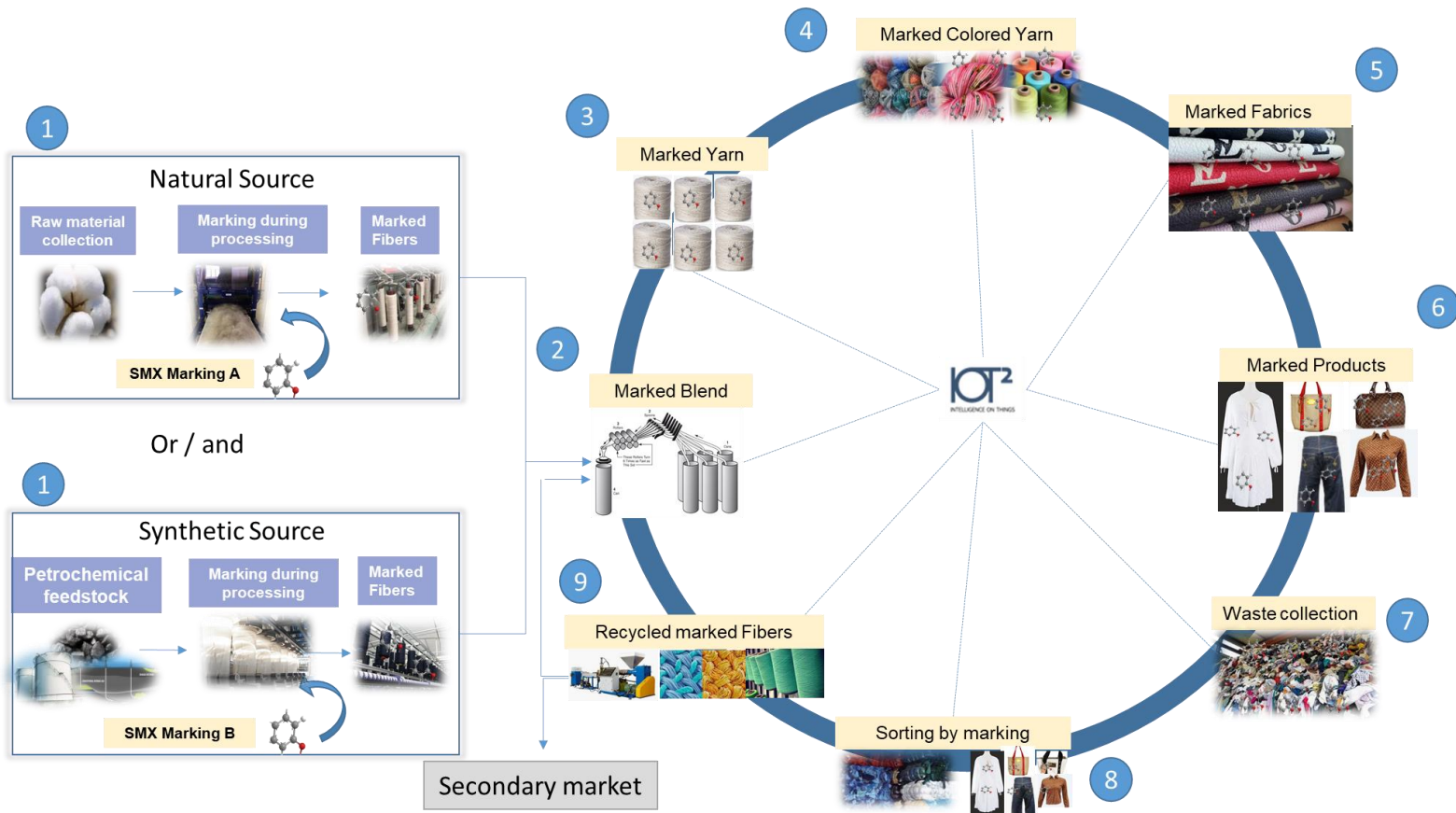


SMX officially opened a Fashion Sustainability Competence Centre to provide fashion brands a transparent, cost-effective and efficient access to SMX's 'plug & play' proprietary technology that has been specifically created for use within the fast, high volume and low-price fashion industry.

- SMX's innovative technology and digital twin blockchain platform 3.0 that will enable participating fashion brands to recycle their own merchandise (clothes, shoes, accessories including sunglasses) back into high quality materials and merchandise, is ready for commercial scale operations. SMX will work with fashion brands by building and adapting the technology to their production facilities.
- SMX Blockchain provides a transparent, cost efficient and tangible shared platform for all upstream and downstream value chain players to co-ordinate share data and evolve production methods from a linear model (take-make-dispose) to a circular model (take- reuse/make – recycle).
- SMX's Equilibrium Circular Economy business model reduces the amount of virgin materials required and amount of waste whilst meeting the financial goals and ESG demands of the market and consumers, which is vital to future-proof the fashion industry.
- It is envisage that the SMX technology will allow US, UK and EU companies to comply with new strict regulations on carbon emission and sustainability including the EU Green Deal.
- SMX's technology is applicable across a wide range of materials including wool, organic cotton, organic silk, leather, EVA, TPU, ABS, PET, Vegan Leather, Polyester and its applications encompasses shoes, trainers, leather goods, clothes, sunglasses and accessories.

The Fashion Equilibrium Circular Economy

- Enabling Conscious Fashion
- Delivering Circular Economy Production Values



The American Chemistry Council



North American Flame
Retardant Alliance



The International
Bromine Council

Brominated Flame Retardants – Traceability & Circularity



Flame retardant chemicals are an important component in manufactured products worldwide, since they protect human life and property. The use of flame-retardant chemicals has continued to provide value across a board range of applications in the fields of aviation, automotive industry, construction, electronics and telecommunications.

The International Bromine Council (BSEF) together with the North American Flame Retardant Alliance (NAFRA) are utilising SMX's technology to address the tracking of additives in the context of the Circular Economy. This will allow for materials across various industrial applications containing BFR to be recycled and reused in the circular economy.

- BSEF and NAFRA will use SMX's unique marker system for three different commercially available brominated flame retardants each formulated with either in PA 66, black HIPS or ABS plastics. The markers and therefore individual flame retardant types, are readily detected in flame retardant blends, plastic pellets and extruded colour coupons.
- SMX technology can be *"... deployed to help whole value chains to improve compliance, traceability and circularity when it comes to fire retardants. Brominated flame retardants are valuable and lifesaving chemistries and our collaboration with SMX is yet another example of our industry's commitment to bring added value and confidence to the marketplace."* Joel Tenney, BSEF Board Member.

Electronics



Governmental
Cyber Authorities
& Agencies

SMX is a member of Intel's Ingenuity Partner Program

Overview

SMX's technology is being utilized by Flextronics, Intel and Governmental Cyber Authorities and Agencies to safeguard the authentication of its products and provide an end-to-end supply chain transparency for both large external parts to micro- internal componentry. This will also provide overall cost savings by expediting the sorting and recycling processes.

Benefits

- ✓ Transforming from linear to circular economy
- ✓ Owning the digital platform that creates value among all stakeholders
- ✓ Creating a digital twin to the physical object throughout the all value chain – monetizing the data
- ✓ New stream of \$ from the digital twin asset
- ✓ Reclaim waste by brand / application
- ✓ Maximizing branded materials' specs by moving to multiply cycle use of material
- ✓ Claiming additional carbon credit and preparing for plastic credit
- ✓ Compliance with future ESG regulations
- ✓ To be able to detect in real time and in a non-intrusive manner if any substitution or loss has occurred.

Circular Electronics Partnership (CEP)



wbcscd

The World Business Council for Sustainable Development (WBCSD) and SMX launched a pilot project for Circular Electronic Manufacturing

Overview

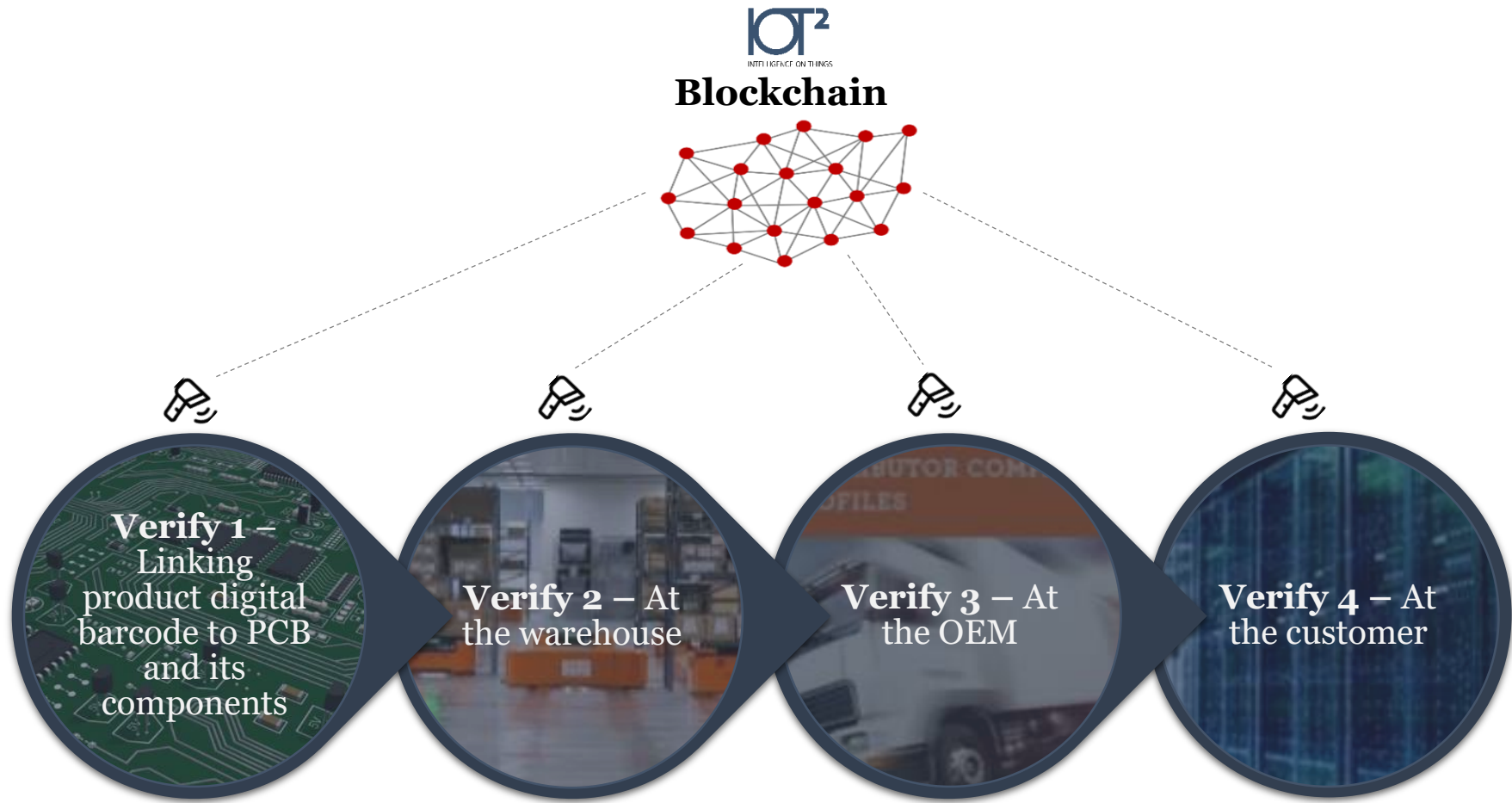
- Invited by the WBCSD, SMX joined the first private sector alliance of top electronic brands and its founding partners of the Circular Electronics Partnership (CEP).
- The members of the CEP include Dell Technologies, Microsoft, Cisco, Google, Vodafone, Lanxess, Sims Lifecycle Services, Glencore, KPMG International and Closing the Loop, among others.
- The Circular Electronic Manufacturing pilot project will play a tangible and practical role in CEP's roadmap for the electronic brands and manufacturers to transition successfully to a circular economy.

The primary objective of the pilot project is to demonstrate how SMX's technology can mark, track & trace EEE (Electronic & Electrical Equipment) along the supply chain can enable full circularity over materials and reduce the use of virgin materials.

Benefits

- ✓ Transforming from linear to circular economy
- ✓ Reclaim waste by brand / application
- ✓ Maximizing branded materials' specs by moving to multiply cycle use of material
- ✓ Claiming additional carbon credit and preparing for plastic credit
- ✓ Compliance with future ESG regulations
- ✓ To be able to detect in real time and in a non-intrusive manner if any substitution or loss has occurred.

Traceability via Blockchain





Haggai Alon
CEO & Founder
T. +972 8 630 6336 (ISR)
M. +61 475 621 637 (AUS)
M. +972 586 734 443 (ISR)
E. haggai@securitymattersltd.com

Appendices





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 plastics credits recording and recycling