



30 April 2021

Dear Shareholder,

Non-Renounceable Rights Issue – Notice to Ineligible Shareholders

As announced on 28 April 2021, Security Matters Limited ACN 626 192 998 (ASX: SMX) (**SMX** or **Company**) is undertaking a pro rata non-renounceable rights issue of up to approximately 2,861,848 fully paid ordinary shares (**New Shares**) at an issue price of \$0.35 per New Share to raise up to approximately AUD 1 million (before costs and rounding and assuming no other shares are issued) (**Offer**). The Company lodged an offer document with the Australian Securities Exchange (**ASX**) on 28 April 2021 (**Offer Document**).

Each eligible shareholder will be entitled to subscribe for 1 New Share for every 49 shares held at 5.00pm (Melbourne time) on Tuesday, 4 May 2021 (**Record Date**). The Company has also announced that it has secured commitments for a placement of 14,706,000 fully paid ordinary shares at an issue price of \$0.35 per share to raise AU\$5.147 million (before costs).

The New Shares issued pursuant to the Offer will rank equally in all respect with existing fully paid ordinary shares on issue in the Company.

The Offer is being made without a prospectus or other disclosure document in accordance with section 708AA of the *Corporations Act 2001 (Cth)*. A copy of the above announcement, with further details of the Offer, is available on the ASX Announcement Platform. A copy of the Offer Document has been lodged with the ASX and is available for viewing on the ASX website and the Company's website (www.securitymattersltd.com).

Eligibility to participate in the Offer

The Offer is being made to shareholders of the Company who are registered as shareholders on the Record Date with registered addresses in Australia or New Zealand (**Eligible Shareholders**).

The Company has decided that it is unreasonable to make the Offer to any shareholder with a registered address outside Australia or New Zealand as at the Record Date, having regard to:

- (a) the number of shareholders with addresses in such other countries as a proportion of total shareholders in the Company;
- (b) the number and value of the shares those shareholders would be offered under the Offer; and
- (c) the cost to the Company of complying with applicable legal and regulatory requirements in such other countries.

Accordingly, the Offer will not be made to shareholders resident in the jurisdiction in which your shareholding is registered.

If you have any questions about the Offer, you should consult your stockbroker or other professional adviser or the Company Secretary on +61 407 849 611.

Yours faithfully

Haggai Alon
Founder and CEO
Security Matters Limited

Important Information

This letter is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in the Company in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of shares in the Company.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been made or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia. In particular, neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act, as amended (**Securities Act**) or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of persons in the United States unless they are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.