

18 May 2022

SMX receives commitments to raise A\$0.8m through Convertible Notes

- Funds raised from sophisticated and professional investors to be used for working capital
- A total of 828,240 Convertible Notes will be issued for \$828,240.

Security Matters Limited (ASX: SMX) (“**Company**”) is pleased to announce it has successfully raised \$828,240 via Convertible Note (“**Notes**”) from sophisticated and professional investors.

The shares to be issued on conversion of the Notes, will be issued out of existing capacity under ASX LR 7.1.

The raised funds from the issue of the Notes will providing funding to contribute to working capital and allow the company to grow its current operations.

By order of the Chief Executive Officer.

For further information, please contact:

Media Enquiries

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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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Item	Matter	Particulars
1.	Type of instrument	Unsecured convertible notes convertible into ordinary fully paid shares at the Conversion Price (Notes).
2.	Denomination	AUD
3.	Face value	The face value of each Note is \$1.00
4.	Maturity Date	6 months from date of issue (unless converted early due to a Liquidity Event)
5.	Interest payable on Notes	\$Nil.
6.	Conversion prior to Maturity Date	<p>If the Company executes a binding agreement for an M&A transaction and shareholder approval is received (if required) or receives US\$20.0 million or more in return for the issue of shares (whether in single or multiple closings) (Qualified Transaction) on or before the Maturity Date, the principal amount of each Note and all interest due and unpaid (if any) (Note Balance) will automatically convert into shares in the Company as follows:</p> <ul style="list-style-type: none"> the issue price per share will be calculated at a 20% discount to the higher of the offer price or price paid by the investors participating in the Qualified Transaction, subject to a floor cap of no lower than A\$0.15 per Share. the number of shares to be issued to the Investor calculated by dividing the Note Balance by the issue price per share specified above.
7.	Conversion Price after Maturity Date	<p>On the Maturity Date, if the Company has not executed a binding agreement for a Qualified Transaction, the Note Balance will automatically convert into ordinary shares as follows:</p> <ul style="list-style-type: none"> the issue price per share will be calculated at the lower of: <ul style="list-style-type: none"> a 20% discount to the 21 day VWAP to the Maturity Date, subject to a cap of no lower than A\$0.15 per Share; the number of shares to be issued to the Investor calculated by dividing the Note Balance by the issue price per share specified above. On Conversion after the Maturity Date, the Investor will be issued unlisted 2 year options on a 1:2 basis with an exercise price of \$0.45. The issue of options will be subject to shareholder approval under ASX LR 7.1.
8.	Redemption	<ul style="list-style-type: none"> Subject to compliance with all relevant laws, regulations and directives, each Note will be redeemed on the earliest of the occurrence of an event of insolvency or the occurrence of an Event of Default by the Issuer.
9.	Events of Default	Standard Events of Default including but not limited to Insolvency occurs in relation to the Company or the Company is in breach of any material obligation, covenant or undertaking to the Noteholders and the breach is not rectified within 10 Business Days.
10.	Voting	The Notes do not entitle the holder to any voting rights.
11.	Governing Law	Victoria, Australia