

3 January 2023

SECURITY MATTERS LIMITED

**General Meeting of Security Matters Limited to be Held at 10.00AM on 1
February 2023 (1.00AM Israel Time)**

General Meeting

In accordance with Listing Rule 3.17, SMX discloses that it has now called a General Meeting for 1 February 2023. The purpose of the general meeting, as set out in the attached documentation being sent to shareholders, is to ratify the proposed Scheme Of Arrangement. This is on the proviso that the Scheme is approved by the Federal Court, and by shareholders and optionholders the subject of the schemes. The matter is due to be heard on 9 January, 2023. A copy of the pro-forma notice to shareholders is attached. Further notice of the proposed business combination and Scheme Meetings will be provided by the Company once approved by the Court and ASIC.

--Ends--

This announcement has been approved by release to ASX by the Chief Executive Officer.

For further information, please contact:

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Corporate Enquiries

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Dear Shareholder,

**Security Matters Limited ACN 626 192 998 (SMX)
Notice of General Meeting and Explanatory Statement**

Date: 1 February 2023
Time: 10.00AM (AEDT)
Venue: The meeting will be held virtually
Access: <https://boardroomlimited.com.au/agm/smx2023>
LUMI link: <https://web.lumiagm.com/321723269>

Virtual meeting notice

The SMX Board has decided that the general meeting will be held virtually, using technology only.

SMX shareholders can attend using the online LUMI meeting platform, accessible at the link – and using the details – set out above.

A technology-only general meeting is permitted under section 249R of the *Corporations Act 2001* (Cth) and rule 15.3 of the SMX Constitution.

Shareholders will be given a reasonable opportunity to participate in the meeting as required under section 249S(7) of the Corporations Act.

Notice of general meeting

Notice is hereby given that a meeting of holders of ordinary shares in SMX (**SMX shareholders**) will be held virtually at 10.00AM (AEDT) on 1 February 2023.

SMX shareholders can attend using the online LUMI meeting platform, accessible at the link set out on page 1 of this notice.

Participation in the general meeting

The Board encourages shareholders to monitor the ASX website and the Company's website for any updates about the general meeting.

In the meantime, the Board encourages shareholders to submit their proxies as early as possible, even if they intend to attend the Virtual Meeting, as the situation may change (e.g. there may be restrictions on how the meeting itself may be held or conducted).

Online Voting Procedures during the AGM:

Shareholders who wish to participate in the AGM online may do so by entering the following URL into an internet browser on your computer, laptop, smartphone, tablet or other smart device:

<https://web.lumiagm.com/321723269>

You can log in to the meeting by entering:

1. Your username, which is your Voting Access Code (VAC) which can be located on the first page of your proxy form or Notice of Meeting email.
2. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the online voting user guide for their password details.
3. If you have been nominated as a third party proxy, please contact Boardroom on 1300 737 760.

Attending the meeting online enables shareholders to view the AGM live, ask questions and cast direct votes at the appropriate times whilst the meeting is in progress.

In order to provide for an efficient virtual meeting, we request that any questions from Shareholders are provided to the Company Secretary at least 24 hours in advance of the Meeting. We also strongly recommend that all Shareholders lodge their votes via the Company's share register platform or by appointing a proxy prior to 5.00pm on 29 January 2023.

Business of the general meeting

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, subject to and conditional on the proposed scheme of arrangement between the Company and its members (a copy of which was Annexure 1 to the scheme implementation deed dated 26 July 2022 between Lionheart III Corp, Empatan PLC, and the Company) (the **Scheme**) becoming effective in accordance with section 411(10) of the Corporations Act, and, for the purpose of section 256C(1) of the Corporations Act*

and for all other purposes, it is approved that the Company's share capital be reduced on the Scheme Implementation Date (as defined in the Scheme), with the reduction to be effected and satisfied by the cancellation of all the shares in the Company on issue as at the Record Date (as defined in the Scheme) in consideration for the issue of the Scheme Consideration (as defined in the Scheme) and in accordance with the Scheme."

Explanatory statement and recommendations

Background

On 26 July 2022, SMX announced that it had a scheme implementation deed and a business combination with Lionheart III Corp (**Lionheart**) by which it is proposed that SMX will list on the NASDAQ via a newly-formed Irish company. The Irish company is called Empatan PLC (**Empatan**).

Under the scheme implementation deed, SMX agreed to propose (amongst other things):

- (a) a scheme of arrangement under which – if approved by shareholders and the Court – SMX Members will receive shares in Empatan in exchange for their shares in SMX (the **Share Scheme**);
- (b) another scheme of arrangement (the **Option Scheme**), under which – if approved by the option holders and the Court – certain options over SMX shares will be taken to have been exercised and the option holders issued shares in SMX, which will be eligible to participate in the Share Scheme (the **Option Scheme**); and
- (c) a capital reduction, under which all SMX's issued share capital will be cancelled (the **capital reduction**).

Under the business combination agreement, a wholly-owned subsidiary of Empatan will merge with and into Lionheart, and Lionheart will become a wholly-owned subsidiary of Empatan (the **business combination**).

Each of the Share Scheme, the Option Scheme, the capital reduction and business combination are interdependent and conditional on each other.

The schemes of arrangement

SMX has applied to the Federal Court of Australia for approval of the Share Scheme and Option Scheme.

SMX's application is scheduled for its first hearing on 9 January 2023, when SMX will seek orders (amongst others) convening meetings of SMX's shareholders and the relevant option holders to consider the respective scheme and for SMX to send a "scheme booklet" explaining in detail the proposed merger between SMX and Lionheart and the schemes of arrangement and including a report from an independent expert.

The capital reduction

The proposed capital reduction is an equal reduction because it applies to each holder of ordinary shares in proportion to the number of shares they hold, and the terms of the reduction of the same for each holder of ordinary shares.

A capital reduction must be approved by a resolution passed at a general meeting of SMX: *Corporations Act 2001*, section 256C(1).

Because a general meeting of the members of a listed company such as ASX requires 28 days notice to meet the proposed timeframes of for the schemes of arrangement, it is necessary now to give notice of the general meeting.

Further material will be provided to shareholders on the Access website listed above prior to the meeting.

Recommendations

On the proviso that the Share Scheme obtains Court approval, the SMX Board unanimously recommends that eligible SMX Shareholders vote in favour of the resolution in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Share Scheme is in the best interests of SMX shareholders.

Each director of SMX intends to vote all of the SMX shares held or controlled by them in favour of the resolution.

By order of the SMX Board

Everardus Hofland

Everardus Hofland

Chairman

Date: 3 January 2023

Further Information

Voting by proxy

Any Shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder. The proxy does not need to be a Shareholder of the Company and can be either an individual or a body corporate. A Shareholder can appoint a proxy by completing and returning a signed proxy form.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- (a) appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth) (the **Corporations Act**); and
- (b) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.

If your proxy does not attend the Meeting, the Chairman will become your proxy by default. The Chairman intends to vote in favour of all resolutions on the agenda.

If you appoint the Chairman of the Meeting as your proxy or the Chairman of the Meeting is appointed as your proxy by default, and you do not provide any voting directions on your proxy form, by completing and returning the proxy form you will be expressly authorising the Chairman of the Meeting to cast your vote as he sees fit. If you intend to appoint a member of the KMP (other than the Chairman) or any of their closely related parties as your proxy on Resolution 1, please ensure that you direct them how to vote on Resolution 1.

Proxies must be:

- (a) lodged at the Company's share registry, Boardroom Pty Limited (by hand or by post); or
- (b) faxed to the fax number specified below,

no later than 5:00pm (AEST) on 29 January 2023.

Address (hand deliveries): Boardroom Pty Limited
Level 12, 225 George Street, Sydney NSW 2000

Address (postal deliveries): Boardroom Pty Limited
GPO Box 3993, Sydney NSW 2001

Fax number for lodgement: +61 2 9290 9655

The proxy form has been enclosed. Please read all instructions carefully before completing the proxy form.

Online Voting

Please visit <https://boardroomlimited.com.au/agm/smx2023> to submit your voting intentions prior to 5:00pm 29 January 2023.

Entitlement to vote

In accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company has determined that for the purposes of the meeting shares will be taken to be held by the persons who held them as registered Shareholders at 7.00 pm (AEST) on 29 January 2023. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting Intentions

Subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all resolutions on the agenda.

In respect of all available undirected proxies, subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all resolutions on the agenda.

Questions and comments by shareholders at the meeting

In order to allow for an efficient virtual meeting, we ask that any questions are provided to the Company Secretary by no later than 24 hours prior to the Meeting (details below).

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders - as a whole - to ask questions or make comments on the management of the Company at the General Meeting.

Please submit any questions in advance of the Meeting by one of the following:

The Company Secretary, lodged at the Company's share registry, Boardroom Pty Limited (by hand or by post), or faxed to the fax number specified below:

Company Secretary: Mark Licciardo
markl@mertons.com.au

Address (hand deliveries):	Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW
Address (postal deliveries):	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001
Fax number for	+61 2 9290 9655

By order of the Board



Mark Licciardo
Company Secretary 3 January 2023