

ASX RELEASE**27 August 2021**

Security Matters re-appoints Mr Everardus Hofland as Chair and Mr Haggai Alon as CEO

Security Matters Limited (ASX: [SMX](#)) (Security Matters or the Company), a company focused on digitising physical objects on the blockchain to enable a circular and closed loop economy, is delighted to announce that Mr Everardus (Ed) Hofland has been re-appointed as Chair of the Company and Mr Haggai Alon as CEO of the Company with new contracts to take effect from 1 June 2021.

Ed Hofland, has been a director of the Security Matters Israel (now a wholly owned subsidiary) since 1 January 2015, and has been the Chair since the IPO in 2018. He has provided invaluable guidance to Security Matters and is a business leader that has brought in multi-million-dollar investments to the Arava Desert region of Israel. Ed Hofland is the chairman of leading industry, technology, and agriculture companies in Israel: i) Chairman of Arava Power Company, Israel's leading solar power company; ii) Chairman of Algatech, micro-algae producer that markets its products worldwide, including Japan, India, New Zealand and Europe; and iii) Chairman and CEO of leading Israeli aquaculture company Ardag. Material terms of Ed's employment contract are set out in Appendix 1 of this announcement.

Haggai Alon, founder of Security Matters has over 25 years of experience in commercializing technology. Haggai has commercialised technology out of the Ministry of Defence in Israel as well as in the private sector. Haggai Alon has been a director of Security Matters Israel since January 2015 and the founding CEO of Security Matters since the ASX listing in 2018. Material terms of Haggai's employment contract are set out in Appendix 2 of this announcement.

Security Matters NED and member of the Remuneration Committee Amir Bader commented:

"Both Ed and Haggai are very experienced executives who have successfully led the Company to this point. Their re-appointment is the next step in the execution of Security Matters' strategic approach to the market centred on value creating partnerships and joint ventures with customers. Ed and Haggai will drive these partnerships and joint ventures to execute a sustainable road map building value for shareholders. We are honoured to reconfirm the commitment of these outstanding industry leaders as our Chair and CEO."

Ed Hofland and Haggai Alon jointly commented:

"It is an honour to reconfirm our commitment to Security Matters. We are committed to continue the strategic direction Security Matters has embarked on. And we are excited to be able to lead the company to achieve the next key milestones in its strategic roadmap."

Appendix 1 - Material terms of Mr Ed Hofland's Employment Contract

#	Terms	Details
1.	Contracting entity:	Security Matters Ltd (Israel). Note: the duties of the executive apply to the entire Security Matters group including the Company.
2.	Effective Date:	New contract on foot from 1 June 2021
3.	Duties:	Executive Chair of the Security Matters group.
4.	Term:	Until termination by the Company or resignation of the Executive in accordance with the terms of the agreement.
5.	Base Remuneration:	<ul style="list-style-type: none"> • ILS 14,000 gross per month (Base Remuneration). • As at today's date, this equates to approximately \$A6,061 per month or \$A72,732 per annum. • The Base Remuneration is re-rated as follows: <ul style="list-style-type: none"> ○ if a Trigger Event occurs, then the Base Remuneration will be increased to ILS 17,000 gross per month; and ○ if a Double Trigger Event occurs, then the Base Remuneration will be increased to ILS 22,000 gross per month.
6.	Retention Bonus:	<ul style="list-style-type: none"> • A retention bonus paid in cash equal to twice the Base Remuneration or ILS 28,000. • Payable if the executive is employed on 1 January of a relevant year.
7.	Trigger Events	<ul style="list-style-type: none"> • if the Company raises an aggregate of US\$10 million in a single capital raising, this is referred to as "Trigger Event"; and • if the Company raises an aggregate of US\$20 million in a single capital raising, this is referred to as "Double Trigger Event".
8.	Long Term Incentive Program:	<ul style="list-style-type: none"> • A grant of 167,000 options under the Company's 2017 ESOP with a strike price of \$A0.70 • Vesting to be as follows: <ul style="list-style-type: none"> ○ if a Trigger Event Occurs (but not a Double Trigger Event), then 400,000 options will be immediately vested; ○ If a Double Trigger Event occurs, then all (or the remainder (as the case may be) of the options are vested.
9.	Retirement bonus	<ul style="list-style-type: none"> • The executive is entitled to a termination payout equal to ILS 264,000. • This is subject to the Corporations Act provisions regarding termination payments.
10.	Restraint:	<ul style="list-style-type: none"> • Restraints from competing with, interfering with customer relationships and staff for a period of 12 months post termination.

11.	Notice Period:	<ul style="list-style-type: none"> • Notice by the executive or the Company to be 90 days. • Company may require the executive to remain on gardening leave for a period of 12 months post termination on full pay and benefits.
12.	Governing law	<p>Laws of the State of Israel.</p> <p>All payments and terms relevant to Security Matters Limited's status as an Australian public company limited by shares, quoted on ASX will be subject to the provisions of the <i>Corporations Act 2001 (Cth)</i> and the ASX Listing Rules including requirements for shareholder approval (where required).</p>
13.	Other	Other material terms include standard terms for agreements of this nature including, inside information, adherence to Board policies and charters, confidentiality, moral rights and intellectual property rights.

Appendix 2 - Material terms of Mr Haggai Alon's Employment Contract

#	Terms	Details
14.	Contracting entity:	Security Matters Ltd (Israel). Note: the duties of the executive apply to the entire Security Matters group including the Company.
15.	Effective Date:	New contract on foot from 1 June 2021
16.	Duties:	CEO of the Security Matters group.
17.	Term:	Until termination by the Company or resignation of the Executive in accordance with the terms of the agreement.
18.	Base Remuneration:	<ul style="list-style-type: none"> • ILS 40,000 gross per month (Base Remuneration). • As at today's date, this equates to approximately \$A17,320 per month or \$A207,840 per annum. • The Base Remuneration is re-rated as follows: <ul style="list-style-type: none"> ○ if a Trigger Event occurs, then the Base Remuneration will be increased to ILS 50,000 gross per month; and ○ if a Double Trigger Event occurs, then the Base Remuneration will be increased to ILS 65,000 gross per month. • if the Company raises an aggregate of US\$20 million in a single capital raising, then all (or the remainder (as the case may be) of the options are vested. • Under Israeli law there is also an entitlement to a payment for ongoing education equal to 7.5% of the Base Remuneration.
19.	Retention Bonus:	<ul style="list-style-type: none"> • A retention bonus paid in cash equal to twice the Base Remuneration or ILS 80,000. • Payable if the executive is employed on 1 January of a relevant year.
20.	Capital Bonus	<ul style="list-style-type: none"> • A capital bonus is payable in recognition of the executive's role in assisting to raise capital as follows: <ul style="list-style-type: none"> ○ if a Trigger Event occurs, then a one-time payment of 1.5% of the capital raised; and ○ if a Double Trigger Event occurs, then a one-time payment of 1.0% of the capital raised. • "Capital" includes circumstances where the Company merges with another entity that has cash reserves. • The two payments are cumulative and not exclusive. Therefore if the Double Trigger Event occurs, and is also a Trigger Event because US \$20m or more is raised in one raising, then only payment of 1.0% is payable.
21.	Trigger Events	<ul style="list-style-type: none"> • if the Company raises an aggregate of US\$10 million in a single capital raising, this is referred to as "Trigger Event"; and • if the Company raises an aggregate of US\$20 million in a single capital raising, this is referred to as "Double Trigger Event".

22.	Short Term Incentive Program:	<ul style="list-style-type: none"> Subject to meeting KPIs, to be agreed initially with the Chairman and then approved by the Board, the executive is entitled to an STI of up to one Base Remuneration annually (STI Payment) (ie ILS 40,000). The STI is re-rated if a Double a Trigger Event occurs, then the STI Payment will be increased to two times the Base Remuneration.
23.	Long Term Incentive Program:	<ul style="list-style-type: none"> A grant of 500,000 options under the Company's 2017 ESOP with a strike price of \$A0.70 Vesting to be as follows: <ul style="list-style-type: none"> if a Trigger Event Occurs (but not a Double Trigger Event), then 400,000 options will be immediately vested; If a Double Trigger Event occurs, then all (or the remainder (as the case may be) of the options are vested.
24.	Car expenses:	<ul style="list-style-type: none"> ILS 3,000 per month. Trigger Event - increase to ILS 4,000 per month. Double Trigger Event - increase to ILS 5,000 per month.
25.	Retirement bonus	<ul style="list-style-type: none"> The executive is entitled to a termination payout equal to ILS 780,000. This is subject to the Corporations Act provisions regarding termination payments.
26.	Restraint:	<ul style="list-style-type: none"> Restraints from competing with, interfering with customer relationships and staff for a period of 2 years post termination.
27.	Notice Period:	<ul style="list-style-type: none"> Notice by the executive or the Company to be 180 days. Company may require the executive to remain on gardening leave for a period of 9 months post termination on full pay and benefits.
28.	Governing law	<p>Laws of the State of Israel.</p> <p>All payments and terms relevant to Security Matters Limited's status as an Australian public company limited by shares, quoted on ASX will be subject to the provisions of the <i>Corporations Act 2001 (Cth)</i> and the ASX Listing Rules including requirements for shareholder approval (where required).</p>
29.	Other	Other material terms include standard terms for agreements of this nature including, inside information, adherence to Board policies and charters, confidentiality, moral rights and intellectual property rights.

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This announcement has been approved for release to ASX by the Board.

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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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