

25 November 2020

Secondary private placement by Israel's largest institutional investor as part of its ESG investment portfolio and strategy

- SMX raises a further A\$760,000 in a private placement to Psagot Investment House, Israel's largest asset management and institutional investor
- This is the first major institutional ESG investment fund to include SMX in their portfolio. Hence validating the Company's increasing institution appeal and strong ESG credentials
- The additional funds raised extends the company's financial runway to at least mid-2022 and will be used to progress ongoing pilot projects into commercial contracts and execute the integration of technology across SMX's strategic target market segments

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 it has successfully completed a private placement to Psagot Investment House ("Psagot"), raising \$760,000 before costs.

This round of capital raising is in addition to three earlier placements, announced on 17th November 2020 for \$2.1 million, and in March 2020 for \$5 million and \$1.4 million, bringing the total capital raised this year to \$9.26 million. As a result, SMX's balance sheet has been significantly strengthened and is currently expected to provide the company financial runway to mid-2022.

The placement issued 2,000,000 fully paid ordinary shares to Psagot at \$0.38 per share. The Company also issued 1 attaching option for every 2 ordinary shares subscribed for in the placement and each attaching option has a three-year expiry and is exercisable at \$0.60. Both the shares and options were issued utilising the Company's placement capacity under Listing Rule 7.1.

Psagot applies a holistic approach to sustainability, with respect to disruptive technologies, financial strength and environmental and social governance (ESG) to identify investment opportunities like SMX. Psagot believes that ESG factors are an important component in investment decision and are essential for a company to sustain competitive advantage over the long term. For Psagot's investment portfolio, it means maximizing returns over time and mitigating investment risk, whilst serving the broader goals that are aligned with the interests of its clients and the global community. As the largest investment house in Israel, Psagot validated SMX as a long-term investment opportunity, its commercial value and potential of its proprietary technology.

Adopters of SMX's technology understand that the core challenge of climate change and protecting the environment is the ability to reclaim and reuse the raw materials in their finished product at the end of its lifecycle. It is uneconomical and inefficient to use 100% virgin raw materials in every new product being manufactured. By using SMX's marking technology and digital blockchain platform, they can efficiently sort, reclaim and reuse the raw materials in the unwanted product. Hence reducing the amount of virgin materials required; amount of waste sent to landfills; level of carbon emissions; and meeting the sustainability and ESG expectations of their consumers and stakeholders.

Proceeds from the placement will be used to accelerate the speed of adoption and commercialisation of its technology across SMX's strategic target market segments (i.e. Ethical Mining & Raw Minerals, Fashion & Cosmetics, Circular Economy & Supply Chain, Electronics & Components, Sustainability & Food Security). The investment by Psagot will enable SMX to maintain a strong momentum as it progresses ongoing pilot projects into commercial contracts for companies transitioning to the sustainable circular economy.

Haggai Alon, Founder and CEO comments:

"Psagot's investment is pivotal to SMX, as a recognition by a major institutional ESG fund, of SMX's commercial potential as a disruptive technology for companies and industries transitioning from linear business practices to the circular sustainable economy.

As the largest investment and asset manager in Israel, Psagot endorsed SMX as a potentially profitable long-term investment opportunity by adding SMX to their ESG investment portfolio.

SMX is an attractive investment that will be considered seriously by ESG funds, as it addresses the issue of sustainable circularity directly and supports the creation of long-term value by providing a sustainable competitive advantage to several different companies across a variety of industries.

We believe this will be the first of many ESG investment portfolios to take an interest in SMX and its commercial offerings."

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By order of the Chief Executive Officer.

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About Psagot *(translated in Hebrew means Mountain Peaks)*

Psagot is Israel's largest investment house. On behalf of its close to one million private investors, business clients and institutional clients, Psagot manages approximately 168 billion NIS.

The investment house offers its clients a wide range of investment tracks and investment instruments adapted to meet investors' various needs. Psagot Investment House is owned by Apax Partners.

Psagot, as Israel's largest investment house, is committed to act in the best long-term interests of our customers. We at Psagot recognise that environmental, social and corporate governance ("ESG") issues can contribute to maximizing return over time, mitigate investment risk and improve norms of the Israeli capital markets.

<https://www.psigot.co.il/eng/CompanyProfile/Pages/Responsible-Investments.aspx>

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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