



## IMPACT ESG INVESTMENT

Digitising physical objects to enable the circular and closed loop economy



Security Matters Limited (ASX:SMX)  
Summer 2022

# Australia - Important notice and disclaimer



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# Lionheart III Overview



## Sponsor Background

- Lionheart III Corp is a \$125 million SPAC led by the founder/CEO and executives of Lionheart Capital
- Lionheart Capital is a Miami-based diversified investment firm focused on building shareholder value in high-growth companies

## Proven SPAC Sponsor



BFI | Nasdaq Listed  
(Closed)



MSPR | Nasdaq Listed  
(Closed)



## Lionheart Capital Track Record



- 1 A multi-dimensional investment firm focused on **value growth investments** in the public markets
- 2 **Success** taking over OPES Acquisition Corp. and launching Lionheart Acquisition Corp II which closed a business combination with MSP Recovery in May 2022
- 3 **Best-in-class global relationships** with next-generation technology companies and disruptive tech-enabled companies
- 4 **Proven record of value creation for under-appreciated assets.** Transformed an obsolete waterfront hospital to The Ritz Carlton Residences in Miami Beach
- 5 Proven skillset in **transitioning companies from private to public** while maintaining a flexible industry focus
- 6 **World-class management team and board of directors** with multi-industry operating and investing experience



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# Lionheart III Corp Leadership



The Lionheart III Corp (“LION”) management team collectively has 80+ years of operating and investing experience across multiple sectors and asset classes



**Ophir Sternberg**  
Chairman and CEO

- **Ophir has over 28 years of proven transaction, operating and investing experience.** He is the Founder and CEO of Lionheart Capital LLC (“Lionheart Capital”), a diversified investment firm focused on value and growth investments in private and public markets
- Ophir was the Chairman and CEO of Lionheart Acquisition Corp II (“LCAP”) which completed a business combination valued at \$32.6 billion with MSP Recovery. Ophir serves as Executive Chairman of BurgerFi (Nasdaq: BFI), which Ophir’s prior SPAC merged with and took public
- Ophir’s other major transactions include: the purchase of Cigarette Racing Team and the development The Ritz-Carlton Residences in Miami Beach and Singer Island in Palm Beach
- Ophir founded Out of the Box Ventures, which acquires and repositions distressed retail properties throughout the U.S.
- **Prior SPAC experience:** Chairman and CEO of Opes Acquisition Corp. (“Opes”) and now Executive Chairman of BurgerFi, and a Director of MSP Recovery
- **Prior / current board experience:** Opes, BurgerFi, LCAP, MSP Recovery



**Paul Rapisarda**  
CFO

- **Paul brings more than 25 years of C-suite and investment banking experience.** As CFO, he is responsible for overseeing all corporate finance functions including financial reporting, treasury and cash management, regulatory and SEC compliance matters and investor relations
- Since 2019, Paul has served as CFO of LION, LCAP, Lionheart Capital and Out of the Box Ventures
- Prior to joining Lionheart Capital, Paul served as CFO of Etrion Corp., a dual-listed (TSX / STO) solar energy company and EVP of Commercial Development for Atlantic Power (NYSE:AT), a dual listed (TSX / NYSE) independent power company. At Atlantic Power, Paul played a principal role in the \$1.8 billion merger with Capital Power Income L.P.
- **Prior SPAC experience:** Paul previously served on the Board of Directors of Opes and also served as the CFO of LCAP
- **Prior / current board experience:** Opes (audit committee)



**Faquiry Diaz Cala**  
COO

- **Faquiry brings more than 25 years of investing and operating experience**
- Faquiry has served as COO of LION since 2021. He leads the Mergers and Acquisitions and Corporate Strategy divisions, overseeing daily administrative and business operations at Lionheart Capital
- Faquiry also serves as Chief of Mergers and Acquisitions and Corporate Strategy at BurgerFi
- Faquiry has held positions as an executive, board member and observer at various public and private corporations within the U.S. and internationally. He also served on the board of several non-profit organizations and educational institutions
- Faquiry graduated from the Wharton School at the University of Pennsylvania
- **Prior SPAC experience:** Faquiry currently serves as COO of LION and served as COO of LCAP



## Independent Directors



**Roger Meltzer, Esq.**



**James Anderson**



**Thomas Byrne**



**Thomas Hawkins**



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# Transaction Overview



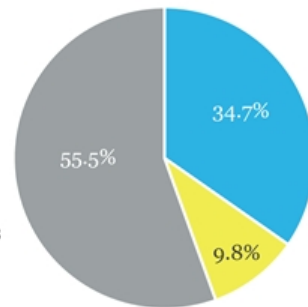
## Overview

Lionheart III Corp (“LION”) has agreed to acquire Security Matters Limited (“SMX”) at an implied pre-money equity valuation of \$200 million

- Lionheart III Corp is a publicly-listed special purpose acquisition vehicle with \$126.3 million in trust
- Expected transaction close is Q4 2022

## Illustrative Pro Forma Ownership<sup>(1)</sup>

- LION Shareholders
- LION Sponsor
- SMX Existing Shareholders



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## Illustrative Sources & Uses (\$m)

### Sources

LION Cash in Trust <sup>(2)</sup>	\$126.3
LION Sponsor <sup>(3)</sup>	6.0
SMX Rollover Equity	200.0

### Total Sources

**\$332.3**

### Uses

LION Sponsor <sup>(2)</sup>	\$6.0
SMX Cash to Balance Sheet <sup>(4)</sup>	115.9
SMX Rollover Equity	200.0
Transaction Expenses <sup>(5)</sup>	10.4

### Total Uses

**\$332.3**

## Illustrative Pro Forma Valuation (\$m)

### Valuation Summary

Pro Forma Equity Value	\$360.3
Plus: Net Debt <sup>(4)</sup>	(115.9)

### Pro Forma Enterprise Value

**\$244.4**

<sup>(1)</sup> Pro Forma Ownership on a non-fully diluted basis at \$10.00 per share

<sup>(2)</sup> LION Cash in Trust assumes no redemptions by LION Shareholders. Recent SPAC transactions have been characterized by high redemption rates.

<sup>(3)</sup> LION Sponsor includes 125,000 private placement units purchased by the IPO underwriter

<sup>(4)</sup> SMX Cash to Balance Sheet (Net Debt) assumes \$126.3m LION Cash in Trust minus \$10.4m Transaction Expenses

<sup>(5)</sup> Transaction Expenses include deferred IPO underwriting fee, M&A fee and an estimated \$5m for other transaction expenses; subject to change



# SMX gives materials memory



# The System Within



Within your business lies a world of potential; potential that can be realized by something so miniscule you won't even know it's there.

An invisible solution that can turn your business into an intelligent ecosystem.

Building an inter-connected network.

Putting sustainability at the heart of what you do.

By empowering you at a molecular level, we'll help your business drive change on a greater scale.

Because inside your operation lies the power to transform tomorrow.

SMX. The system within.

## The System Within Value Proposition

Sustainably-run businesses can be more effective businesses, that want to make better choices for their company and the planet.

SMX uses technology designed to turn businesses into ecosystems that work as a united whole, unlike less adaptable technologies and platforms that can't deliver the system change required.



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## SMX Origin story 'From in the dark to informed intelligence'



There are moments the ground shifts beneath our feet. Suddenly, the entire global landscape changes, and business can no longer operate in the way it did before. Today, we are experiencing that change. The world is demanding greater and greater transparency, efficiency and resilience - a call to do things better; a challenge loaded with so much exciting possibility.

That is why SMX decided to find a new way to unlock knowledge – to help counter the lack of transparency and create a system where bad actors have nowhere to hide. With 'augmented materials,' you can know the granular detail of a material – its provenance, its purity, its integrity. That way, transparency can be built-in, and industry can gain the intelligence it needs to work in smarter and more productive ways - linking parts of the value chain and enabling use, reuse and reuse again to realize the potential of materials.

It's a system designed for the 21<sup>st</sup> century economy. A system that is highly innovative and can empower businesses to build the real-world circular economy. A system that can help change the way we operate from the inside out. **The system within.**



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## SMX 4 Key Benefits



### **Multiple-stages and multiple-loops traceability:**

The resilience of the SMX marker and block-chain platform is designed to ensure that the data is never compromised or lost, enabling more accurate and reliable traceability as the material is recycled/reused multiple times



### **Enhanced data flow and circularity:**

The SMX marker enables you to store data at a molecular level within products and materials, allowing for increased transparency of marked content, for greater granularity and ease of recycling



### **Exciting knowledge gathering potential:**

The SMX reader is designed to enable easy data gathering at any point within the supply chain, without affecting the product or material, eliminate blind spots, and provide the complete picture



### **Multiple application possibilities:**

Each SMX marker is unique and can be applied to any material, providing access to a large number of markers and a system with greater potential for different applications



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## Our Vision



To unlock the way global business will operate tomorrow, by enabling a real-world circular economy.

We can help make the transition to a circular economy positive, productive and profitable for everyone in the value chain – and for the planet.

**“ Our goal is to be the global standard & best practice for recording & connecting all physical goods with a digital twin on the blockchain ”**



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# What is the 'Circular Economy'?



**The circular economy is a new way of looking at the relationships between markets, customers and natural resources.**

Move away from the linear economy...



Enable the Circular Economy...



The circular economy moves away from the traditional “take-make-dispose” economic model to one that is regenerative by design, with the goal of retaining as much value as possible from resources, products, parts and materials to create a system that allows for longer life, optimal reuse, refurbishment, remanufacturing and recycling.



Companies who implement the circular economy concentrate on rethinking products and services using principles based on durability, renewability, reuse, repair, replacement, upgrades, refurbishment and reduced material use.



By applying these principles, companies can design out waste, increase resource productivity and decouple growth from natural resource consumption.

**This is the biggest opportunity to transform production and consumption since the First Industrial Revolution 250 years ago. By unleashing circular innovation, we can boost the global economy’s resilience, support people and communities around the world and help fulfil the Paris Agreement and the UN Sustainable Development Goals.**

*- World Business Council for Sustainable Development, CEO Guide to the Circular Economy, 2017*



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# Circular closed loop economy



The core challenge of climate change and protecting the environment is not only limited to carbon emissions or coal, but about reusing products again, so we can reduce the amount of raw materials we need.

It is uneconomical and inefficient to use 100% new materials in every product you manufacture.

By reclaiming & recycling the materials from unwanted products at the end of their lifecycle, it can be more efficient and economical for the business and the industry as a whole.



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# SMX Technology Innovation



## To be a leading Impact ESG Investment



### High Impact Potential for Positive Change

SMX's technology is an enabler for global companies across various industries to transition more successfully to a sustainable circular economy. By adopting SMX's technology, they can be able to tangibly measure and track the raw material from origination, through the supply chain and at the end of life – where the amount of material recycled/reused from that product item can be measured and as well as the number of times that specific material/item has been recycled/reused.

This gives brands/companies the option and ability to record this on SMX's digital blockchain platform to more accurately claim carbon & plastic credits that are tangibly linked to a physical recycled commodity – potentially resulting in a valuable tradeable asset.

The overall transition to the Circular Economy, by incentivizing players along the value chain, can be made by commoditizing and increasing the value of the recycled materials - motivating the circular economy via the financial markets.

**SMX believes it is the only technology that has tangibly demonstrated a full transparent circularity successfully.**



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## To be a leading Impact ESG Investment



### Market Applications and Appeal

SMX's technology can be applied at a molecular level on solids, liquids or gas at multiple points in the supply chain as a drop in solution. This enables SMX to work strategically in the following segmented markets, across a variety of materials.

Segmented Markets	Materials
<b>Circular Economy / Supply Chain</b>	Plastics, Rubber
<b>Ethical Mining &amp; Raw Minerals</b>	Gold, Diamonds, Timber/Lumber, Cement, Ore & Rare Earths
<b>Electronics &amp; Components</b>	Electronics & Silicon Wafer
<b>Fashion &amp; Cosmetics</b>	Leather, Organic Silk, Organic Cotton, Wool, Vegan Leather, Polyester, EVA, TPU, ABX, PET
<b>Sustainability &amp; Food Security</b>	Wine, Animal Feed, Palm Oil, Seeds

**SMX's potential for positive ESG impact is exciting, and its ability to more accurately and transparently measure has been proven.**



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# Enabling Technology to Successfully Transition to a Circular Economy



As global businesses faces new and complex challenges relating to carbon neutrality and meeting new governmental and regional regulations and standards, **SMX is able to offer players along the value chain access to its marking, tracking, measuring and digital platform technology to transition more successfully to a low-carbon economy.**

## **SMX is a key technological tool in enabling brands/companies to:**

- Use a transparent, measurable, tangible technology that can more accurately identify the origins and material composition of raw materials within the finished consumer product and its packaging, enabling it to re-enter the economy for recycling/reuse.
- Be better positioned to create a leading industry standard relating to carbon neutrality, ethics and the ability to meet new government regulations and standards.
- Adopt a transparent value chain stakeholder compliance approach.



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# SMX Tech Solution Benefits



## CIRCULAR ECONOMY

The raw material is marked and recorded on blockchain to enable more accurate identification for recycling and allows the company to lodge a credible carbon credit claim.

## BLOCKCHAIN PLATFORM (optional)

Gives the ability to detect diversion of products and verify Product Authenticity in real time without destroying the item at multiple points in the supply chain and at retail level.

## COMPLIANCE & LIABILITY

Enabler of compliance for ESG regulations, international customs and industry quality regulation. Markers are compatible with food regulation.



## SUPPLY CHAIN INTEGRITY

Greater protection from Product Diversion/Loss or Dilution or Substitution

## MORE COMPREHENSIVE TRACEABILITY

Greater traceability of product origin (i.e. Authenticate Ethical Sources & Origination) and supply chain history. Ability to read product's history by scanning the item. In addition to date & origin and material composition, it can identify if any parts have been changed or repaired (where & when).



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# SMX's view of its Technology



**1** **Innovative**

**2** **Sustainable**

**3** **Essential**



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# 1. Innovative



## Technology for 3 product lifecycles



- Security Matters believes permanent marking of any object (either solid, liquid or gas) makes the technology unique.
- Security Matters offers an advanced next generation technology that can invisibly mark and store multiple data at a molecular level, in solids, liquids or gas.
- The code is created by a combination of molecules detected by an innovative energy band.
- Marker embedded in or on materials and products can be read in real time via easy-to-use portable hand-held scanner and is protected by a blockchain ledger.
- Security Matters believes its technology is difficult to replicate by any competitors and is superior to alternative forms of supply chain security.



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## 2. Sustainable



### Accountability

#### **Transparency & ownership of lifecycle data from origins of raw materials to key production phases & end of product life – recycling.**

- A mine-to-marketplace ethical supply chain assurance & transparency technological platform that parties along the value chain can utilize to monitor the lifecycle and origins in real time.
- Enables parties to authenticate and provide proof of quality, quantity and origin of materials for credible ESG reporting for stakeholders, insurance, trading platforms, logistics, financing, international customs and industry regulations.



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### 3. Essential



#### **For Circular Closed Loop Economy to Function & Operate**

**By being able to create a digital twin for physical objects, SMX enables different players in the value chain of production to create a global ledger of physical goods which can result in new business and revenue streams.**

- SMX can help form a new revenue model and business stream for companies balancing the use of both recycled and virgin raw materials during production.



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# End to End Technology Solution for Circularity



SMX is an environmentally sustainable technology that can more accurately identify the origins and material composition of raw materials within the finished consumer product and its packaging, enabling it to re-enter the economy for recycling/reuse.



## A chemical-based hidden marker system

- Mark any object either solid, liquid or gas
- Apply marks to multiple layers
- Combination of 500,000+ marker molecules to help make each mark unique
- Designed not to change the composition, quality and characteristics such as colour, weight, taste and smell of the material.



## A reader to identify these codes

- Patented sensitive reader receives response signal from marker
- Ability to read the data embedded in the item within seconds without having to destroy the product or send the item to a special lab for testing.



## A blockchain record to store and verify ownership data

- Records datasets through the supply chain
- Transfer of ownership
- Enables proof of authenticity and quality assurance
- Visibility of supply chain movements



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## The World Business Council for Sustainable Development - Member



The World Business Council for Sustainable Development (WBCSD) is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world.

“ *WBCSD is delighted to welcome Security Matters as our newest member. There is a huge potential for this kind of technology to revolutionize industries including fashion, electronics, agriculture, gold and precious stones. We look forward to working with Security Matters to help advance our shared goals* ”

***Peter Bakker, President and CEO of WBCSD, 10 June 2020***



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# SMX Technical Objectives and Challenges



# A Significant & Growing Market



The circular economy is a US\$4.5 trillion opportunity, presenting potential for global economic growth, accelerating society towards a sustainable future.



The Global Plastic Recycling Market is estimated to reach US \$60.7bn by 2025



Global sales of counterfeit and pirated goods are estimated at a value of US\$500bn a year



Global textile waste is expected to reach 148 million tons annually by 2030

Sources: McKinsey surveys of global Supply Chain leaders (May 15 – May 22, 2020, N=60; U.S. Intellectual Property and Counterfeit Goods— Landscape Review of Existing/Emerging Research; OECD ESG Investing: Practices, Progress and Challenges; environmental leader; analytics insights. <https://www.fashionrevolution.org/>, <https://www.prnewswire.com/news-releases/global-plastic-recycling-market-report-2020-30122208.html>.



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# The Shift has Already Begun



**Movement towards the digital economy**



Will rely on digital twins innovative technology to gain an added insight into their products, assets, processes, operations.

**Continued fight against counterfeit**



Plan to increase the level of resilience across their supply chain as a result of COVID-19.

**Shift from linear to circular economies**



Are committing to establishing circular value chains.

**Increasing ESG investment and awareness**



Under professional management representing ESG investments.

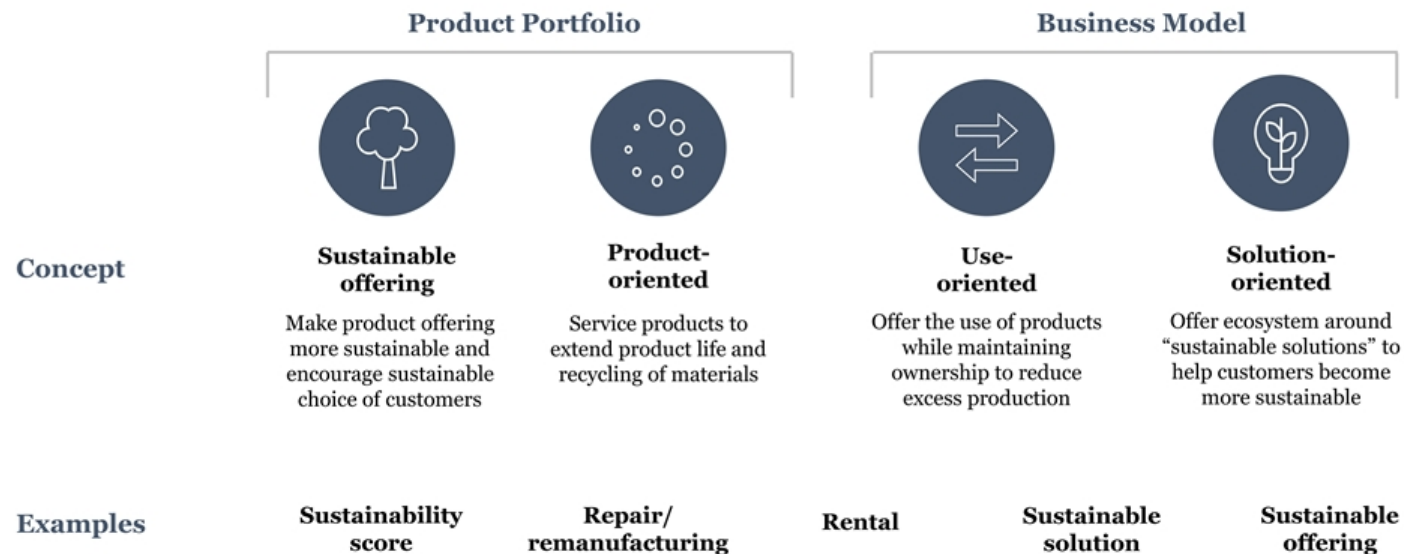
Source: McKinsey surveys of global Supply Chain leaders (May 15 – May 22, 2020, N=60; U.S. Intellectual Property and Counterfeit Goods– Landscape Review of Existing/Emerging Research; OECD ESG Investing: Practices, Progress and Challenges; environmental leader; analytics insights



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# The Shift has Already Begun

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# SMX Market Opportunity



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# SMX Tech and Blockchain Benefits For Ethical & ESG Compliance



## For Raw Commodities, Precious Metals & Diamonds

<b>Transaction transparency</b>	<ul style="list-style-type: none"> <li>• Help reduce credit risk and compliance burden</li> <li>• Help expedite funding &amp; credit lines and reduce cost of funds to miners</li> <li>• Enable more accurate reporting of quantity and quality of mineral being mined and refined to financiers, traders and insurance</li> <li>• Transparency and assurance based on science and technology – not paper based</li> </ul>
<b>Authentication</b>	<ul style="list-style-type: none"> <li>• Help detect fraud and adulteration on the spot</li> <li>• Prevent unauthorised materials from entering production chain</li> </ul>
<b>Blockchain supply chain management</b>	<ul style="list-style-type: none"> <li>• Linking of physical mineral with its digital twin</li> <li>• More secure digital records</li> <li>• Greater transparency between supply chain stakeholders</li> <li>• Blockchain ledger</li> </ul>
<b>Sustainability &amp; Liability</b>	<ul style="list-style-type: none"> <li>• Source provenance - identification and verification</li> <li>• Trace back at end-of-life for recycling</li> <li>• Trace back at misuse, defect or accident</li> </ul>
<b>Monetize benefits of the Market in a closed loop economy</b>	<ul style="list-style-type: none"> <li>• Help de-risk &amp; lower cost of inventory financing models</li> <li>• Introduce a globally recognized industry standard for 'grading' based on quality and traceability where it can be priced and traded on the open market accordingly</li> </ul>

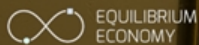


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# SMX Tech Application





## Partnership with The Perth Mint



*“This is a particularly significant development given the increasing focus on Environmental, Social and Governance (ESG) practices across the world pertaining to the gold supply chain.*

*This game changing technology will report the origin of the gold and how the metal moves through the entire production and distribution process. This complete transparency will instil even greater trust in a commodity which already provides the ultimate refuge during times of economic and geopolitical turmoil.”*

Richard Hayes, CEO – The Perth Mint, 5 February 2020



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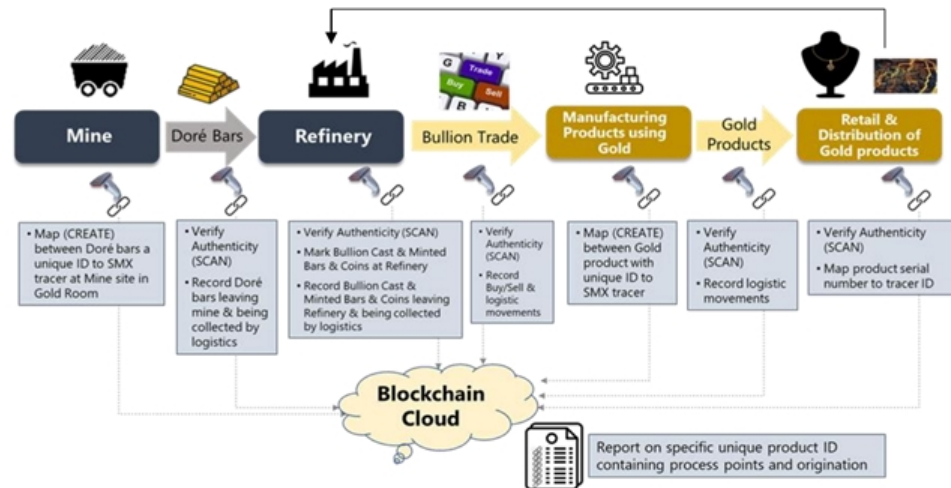
# ESG & Ethical Compliance for the Gold Industry



## TRANSPARENCY FROM MINE TO RECYCLING AND BACK TO REFINING.

An ethical gold supply chain assurance solution that spans the gold value chain from mine to refinery to terminal market through recycling and back again to refinery.

- To better enable the parties in the Gold value chain to authenticate and provide proof of quality, quantity and origin of gold for credible ESG reporting for stakeholders, insurance, trading platforms, logistics, financing, international customs and industry regulations.
- To create a digital twin that is recorded on a digital blockchain platform for physical products - enabling different players in the Gold value chain of production to create a global ledger of physical goods.
- To enhance, compliment & promote the current ESG frameworks provided by WGC (Responsible Gold Mining Principles) and LBMA (Responsible Sourcing Programme), by offering its members a technology and blockchain platform that can promote and help drive integrity, anti-counterfeiting, corporate transparency, accountability and sustainability.



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# SMX Tech Application



## Enabling Fashion Brands to Meet Carbon Neutrality & ESG Targets



**SMX officially opened a Fashion Sustainability Competence Centre to provide fashion brands more transparent, cost-effective and efficient access to SMX's 'plug & play' proprietary technology that has been designed for use within the fast, high volume and low-price fashion industry.**

- SMX's innovative technology and digital twin blockchain platform 3.0 that can enable participating fashion brands to recycle their own merchandise (clothes, shoes, accessories including sunglasses) back into higher quality materials and merchandise, is ready for commercial scale operations. SMX can work with fashion brands by building and adapting the technology to their production facilities.
- SMX Blockchain provides a more transparent, cost efficient and tangible platform for upstream and downstream value chain players to co-ordinate, share data and evolve production methods from a linear model (take-make-dispose) to a circular model (take- reuse/make – recycle).
- SMX's Equilibrium Circular Economy business model can reduce the amount of raw materials required and amount of waste whilst meeting the financial goals and ESG demands of the market and consumers, which is vital to future-proof the fashion industry.
- It is envisioned that the SMX technology can allow US, UK and EU companies to comply with new regulations on carbon emission and sustainability including the EU Green Deal.
- SMX's technology is applicable across a range of materials including wool, organic cotton, organic silk, leather, EVA, TPU, ABS, PET, Vegan Leather, Polyester and its applications encompasses shoes, trainers, leather goods, clothes, sunglasses and accessories.



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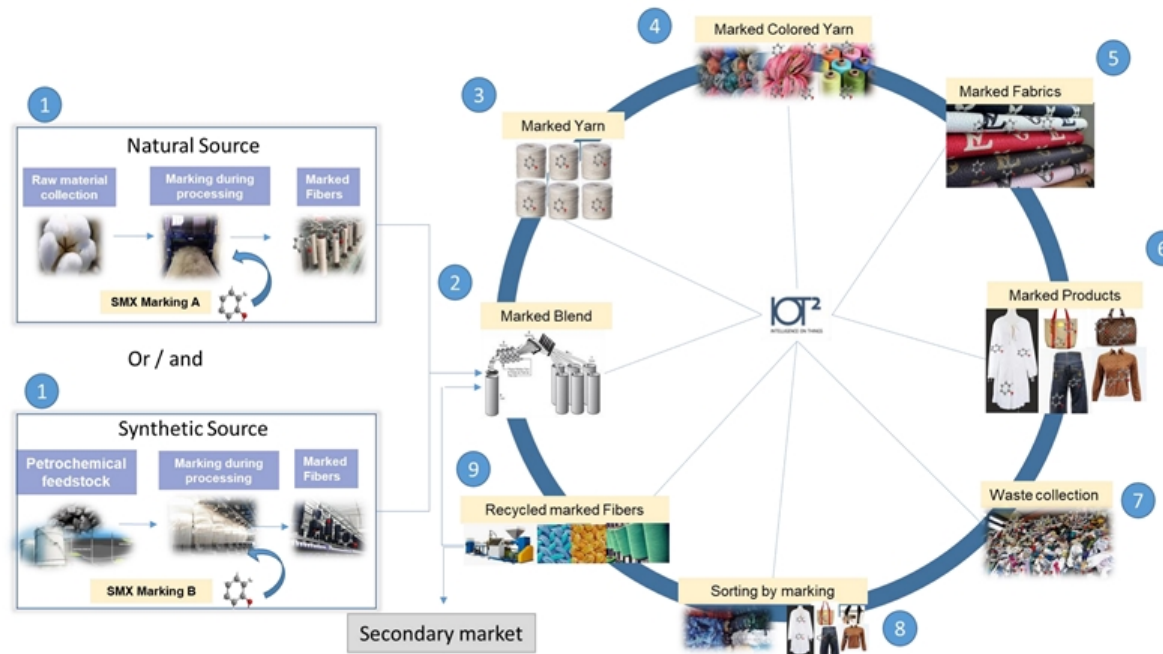


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# The Fashion Equilibrium Circular Economy



- Enabling Conscious Fashion
- Enabling Circular Economy Production Values



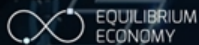
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# SMX Tech Application



## Electronics



# Circular Electronics Partnership (CEP)



The World Business Council for Sustainable Development (WBCSD) and SMX launched a pilot project for Circular Electronic Manufacturing

## Overview

- Invited by the WBCSD, SMX joined the first private sector alliance of top electronic brands and its founding partners of the Circular Electronics Partnership (CEP).
- The members of the CEP include Dell Technologies, Microsoft, Cisco, Google, Vodafone, Lanxess, Sims Lifecycle Services, Glencore, KPMG International and Closing the Loop, among others.
- The Circular Electronic Manufacturing pilot project can play a tangible and practical role in CEP's roadmap for the electronic brands and manufacturers to transition more successfully to a circular economy.

The primary objective of the pilot project is to demonstrate how SMX's technology can mark, track & trace EEE (Electronic & Electrical Equipment) along the supply chain, can enable circularity over materials and reduce the use of raw materials.

## Anticipated Benefits

- ✓ Transforming from linear to circular economy
- ✓ Reclaim waste by brand / application
- ✓ Maximizing branded materials' specs by moving to multiply cycle use of material
- ✓ Claiming additional carbon credit and preparing for plastic credit
- ✓ Compliance with future ESG regulations
- ✓ To be able to detect in real time and in a non-intrusive manner if any substitution or loss has occurred.

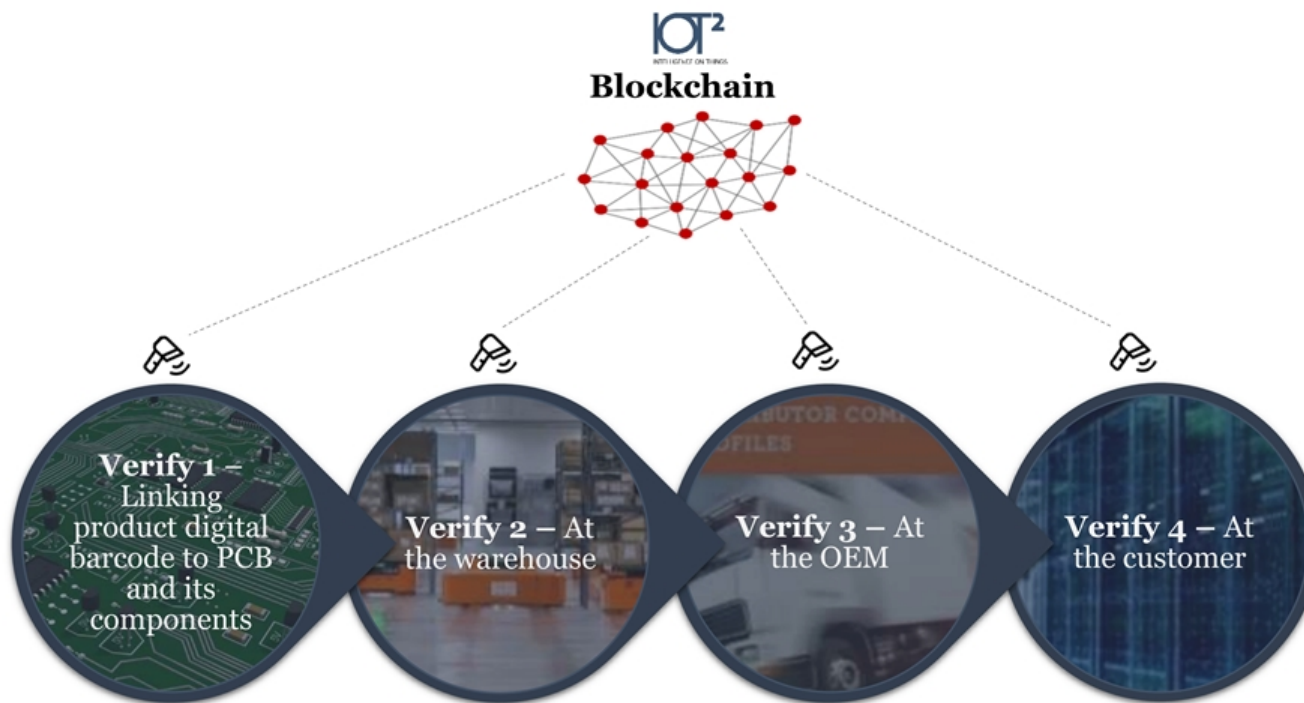


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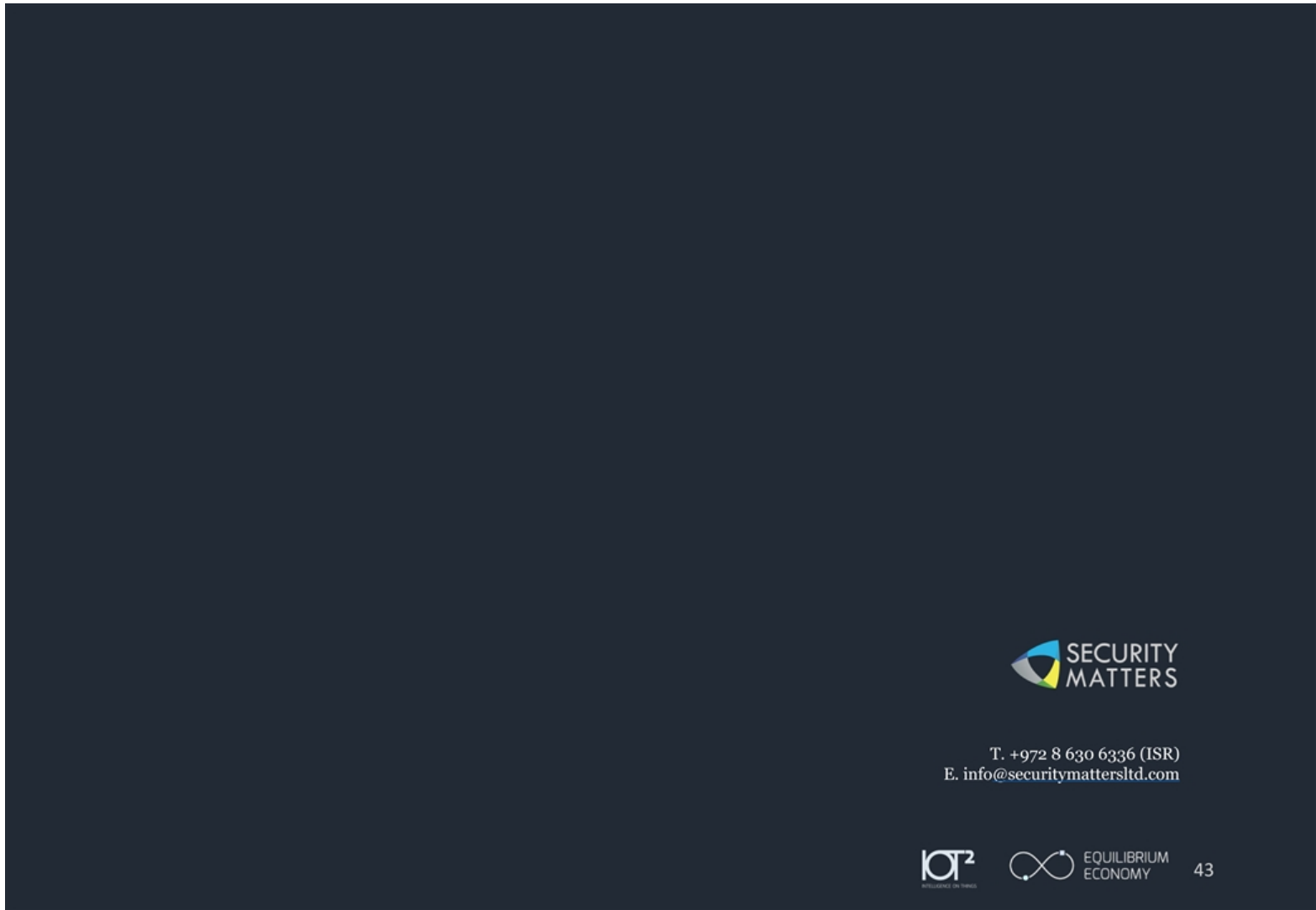
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# Traceability via Blockchain



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