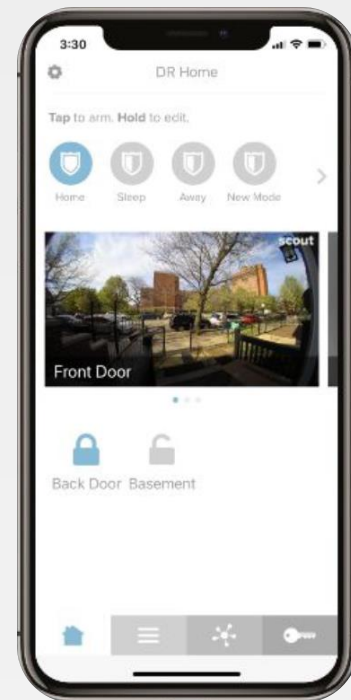
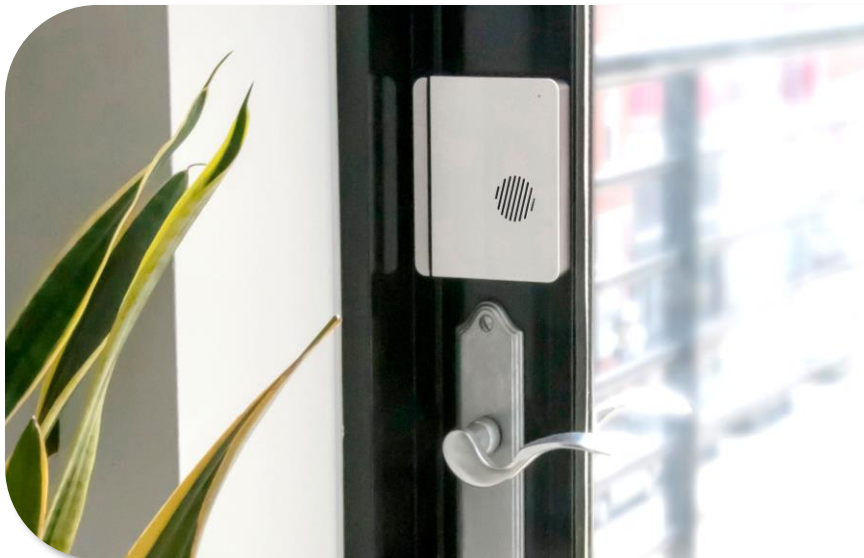


Scout Security (ASX: SCT)

INVESTOR PRESENTATION

DECEMBER 2020





PROTECTED AND CONNECTED

Home Security. Simplified.

Scout Security Ltd (ASX: SCT) is an app-based, DIY home security company making security more modern, open and affordable.

Based in Chicago and ASX-listed since 2017, Scout has built a powerful software and service platform validated by white label partnerships spanning multiple industries and markets.

OUR VALUE PROPOSITION

THE MARKET

REVENUE MODEL

THE PROBLEM

THE SOLUTION

TRACTION

Our Value Proposition

LARGE & GROWING GLOBAL MARKET

\$US14 billion

24% CAGR ⁽¹⁾

IHS Markit estimates for security & video services revenue, residential & commercial markets; security the key driver for "Smart Home" demand.

⁽¹⁾ IHS Markit 2018

ESTABLISHED DISTRIBUTION + MULTIPLE CHANNELS

4 Key Partners STRONG PIPELINE

Partnered with major traditional security & telecom providers, more to come.



BUILDING RECURRING REVENUE MODEL

Monthly Plans + HARDWARE & DEVELOPMENT FEES

Monitoring plans + additional services, such as camera cloud storage.

RECOGNISED DIGITAL SECURITY LEADER

Amazon Partner HIGHLY RATED

Launch partner for Amazon Alexa Guard and Alexa Guard Plus. Integrated with all major IOT Platforms.



The Problem

Securing a home and family is a universal need, but traditional home security is out of reach for many due to cost and life circumstance.



Traditional security systems are not affordable.



They utilize commodity hardware that is not "smart."



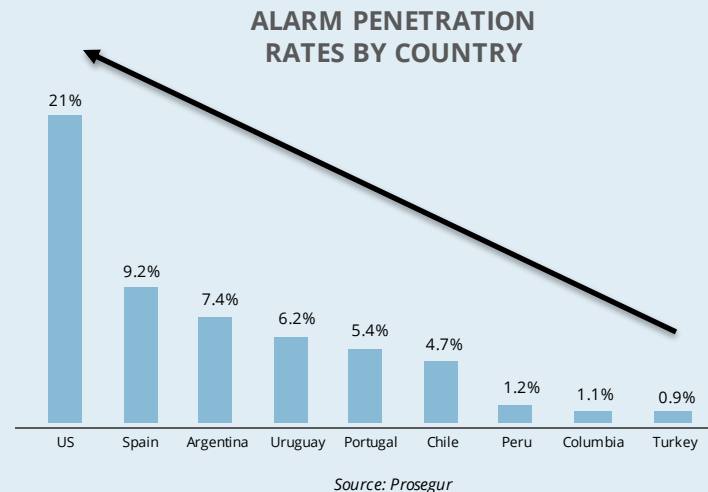
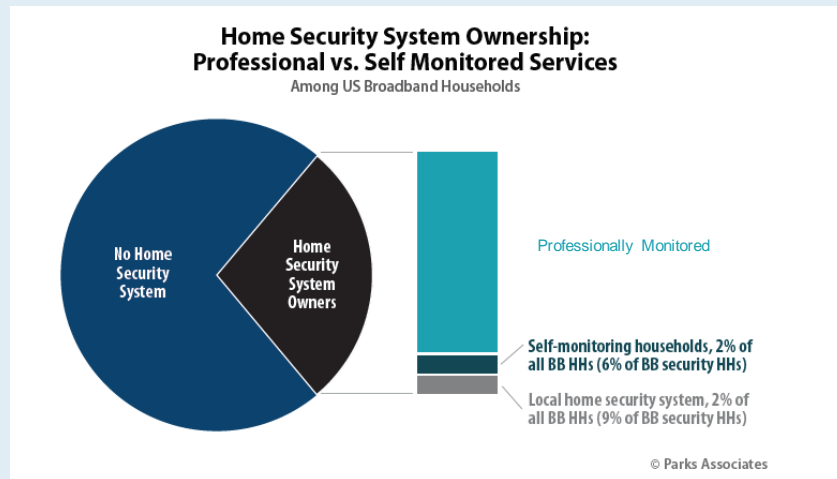
They lack flexibility and operate in walled gardens.



Traditional systems do not accommodate renters, nor other unique living circumstances.



The Market



The world market is under-penetrated for alarms. US leads with only 20% penetration.
"Sales and marketing are the main drivers of penetration" - Prosegur

The Solution

HOME SECURITY. SIMPLIFIED.

NO CONTRACTS, NO HARDWIRING, NO HASSLE.

SCOUT GIVES YOU TOTAL CONTROL OF YOUR CONNECTED HOME FROM ANYWHERE IN THE WORLD.

Scout's core technology is a software platform for smart home security, integrated with best-in-class IOT devices. The platform is a modern, connected home ecosystem sold to white label partners and under the Scout brand.



UL CERTIFIED MONITORING

The highest calibre of trusted professional monitoring providers.



CELLULAR 4G LTE BACKUP

Scout stays up and running even if your internet goes out.



NO ANNUAL CONTRACT

Change service plans whenever you want with no penalty.



WITH SCOUT, YOU CHOOSE:

THE COMPONENTS
YOU WANT

THE COLOUR
AND FINISH

TAILORED ALARM RESPONSE
ACTIONS IN DIFFERENT
SITUATIONS

THE LEVEL OF SUPPORT
YOU WANT

Scout Products



SCOUT HUB



DOOR PANEL



ACCESS SENSOR



MOTION SENSOR



VIDEO
DOORBELL



INDOOR CAMERA



DOOR LOCK *



ACCESSORIES



KEYPAD



SMOKE ALARM

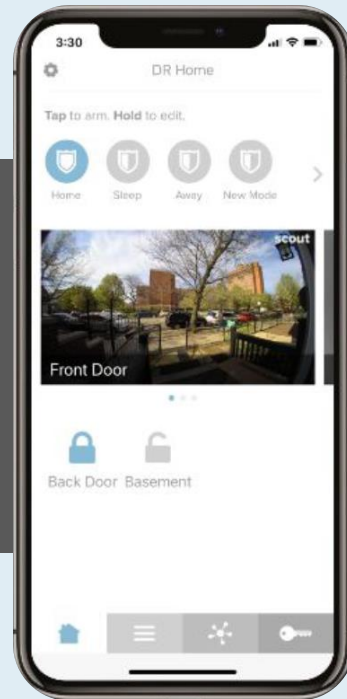


WATER SENSOR



GLASS BREAK
SENSOR

Secure your
home with
the touch of
a button.



Revenue Model

Scout has three key sources of revenue:



Development fees from white label partners in advance of launch.



Upfront hardware sales.



Recurring subscription fees.

SCOUT IS BUILDING RECURRING SUBSCRIPTION REVENUE, FUNDED BY DEVELOPMENT & HARDWARE.



SCOUT SELLS THROUGH BOTH BRANDED AND WHITE LABEL CHANNELS.

White label partners offer branding, global distribution and significant opportunities to penetrate loyal customer bases.

- Prosegur Security has >500,000 alarm systems installed worldwide.
- Windstream has 1.3m household internet subscribers in the US
- Zego by PayLease processes payments for 12m+ residential units across the US.

White Label: Scout's Path to Scale

SCOUT'S WHITE LABEL PARTNERS GAIN A TURNKEY SOLUTION FOR LAUNCHING SMART HOME SECURITY UNDER THEIR CHANNELS.

WHITE LABEL SYSTEMS LEVERAGE THE SCOUT SOFTWARE PLATFORM WITH FUNCTIONALLY SIMILAR, BUT VISUALLY DIFFERENT DEVICES.

Scout has established a strategic position as an independent, DIY platform for its enterprise partners.

Why we white label

- Maximising use of limited resources: Direct-to-consumer sales are proportional to marketing spend.
- White Label partners have built-in, existing users bases and significant marketing budgets.

Why our partners have chosen Scout

- Faster and cheaper route to market.
- Low product risk: our system is proven with tens of thousands active.
- Leverage existing brand in new channels.
- Flexible and turnkey.
- Unlock new, high-margin recurring revenue streams.



Our Key Distribution Partners

OVERVIEW

PARTNER SINCE

CUSTOMER BASE

PROGRESS

REVENUE - DEVELOPMENT/ LICENCE FEES

REVENUE - HARDWARE

REVENUE - MONTHLY RECURRING

GOAL

ZEGO BY PAYLEASE

- Mobile-centric engagement platform for residential and real estate professionals integrating payments, utilities, and communications
- Processing over USD\$15bn in payments

- Oct 2017

- 12 million residential units

- >13,000 units ordered
- >8,000 deployed

- US\$500,000 in licence fees paid to date, with an additional US\$250,000 prepayment of monthly fees

- Zego purchases in bulk 2-3 times a year
- Full stock value recorded as revenue

- Consistent and growing month to month fees
- Relationship with property owner not tenant – near zero churn

- 1,000 units per month target



WINDSTREAM

- Bundled telco, data, and cloud services to business and residential customers
- Top 5 US telco
- >US\$5 bn revenue
- Recently raised \$2bn for growth

- Nov 2020

- 1.3m residential customers

- Launching early CY21

- Approximately US\$50,000 development fees

- A mix of security kits spanning end-to-end security and camera-focused solutions
- NET terms at parity with supplier and client – no cash outlay to fund inventory

- Standard alarm monitoring and share of data storage on camera bundle

- Scout is targeting a conversion of 10% of residential customers



Our Key Distribution Partners

OVERVIEW

PARTNER SINCE

CUSTOMER BASE

PROGRESS

REVENUE - DEVELOPMENT/ LICENCE FEES

REVENUE – HARDWARE

REVENUE – MONTHLY RECURRING

GOAL

PROSEGUR – SCOUT SHAREHOLDER

- Global leader in private security, including residential
- Operating in 26 countries with >160,000 employees
- EUR4.1bn revenue



- Commercial Agreement Jul 2020
- >550,000 alarms installed
- Launching in first target country market in early CY21
- US\$500,000 prepaid Development Fees
- A mix of security kits spanning end-to-end security and camera-focused solutions
- NET terms at parity with supplier and client – no cash outlay to fund inventory
- Anticipate growth in line with expansion of the installed base
- Expand roll out across Prosegur country network

STANLEY BLACK AND DECKER

- Owner of numerous global brands in hardware and tools
- 2nd largest electronic security provider in the world
- Fortune 500 company with \$22bn revenue



- Aug 2018
- Scout has initially launched in light commercial
- Stanley can licence SCT globally (non-exclusive)
- Advanced, but on hold in light of COVID-19's effects on traditional retail
- US\$300,000 prepaid licenses
- Monthly fees to grow in line with launches and expansion
- To be confirmed ahead of additional launches
- To be confirmed ahead of additional launches
- Scout hoping to expand product mix to numerous, trusted brands within the Stanley Black & Decker portfolio

The Prize: Substantial Revenue Opportunity

Calculating Scout's potentially addressable margin and revenue pool:

- **Target 10% of applicable customer base:** Assume, for the purpose of the example, the customer has 1 million customers: 10% penetration would provide 100,000 additional Scout customers.
- **Range of hardware on offer:** Scout offers a mix of security kits spanning end-to-end security and camera-focused solutions. Scout's margins are approximately 10% of sales.
- **Net-60 Day Terms:** Scout's terms are Net-60 which means it matches hardware supplier payments with customer receipts so does not need to use working capital.
- **Monthly plans offered to suit hardware:** Scout's net Recurring Monthly Revenue (RMR) from entry-level sales is expected to be circa USD\$1.00, ranging up to USD\$4.00–5.00 on full service monitored systems. Margins on RMR range 40-70%.
- **Substantial revenue pool available:** Allowing for several assumptions made in calculating the potential revenue pool (see table at right), Scout is excited by the opportunity to chase these targets. The 'one-off' margin from hardware is substantial, as is the compounding effect of RMR, the power of which is demonstrated on the next slide.
- **Two Imminent Launches:** Scout has announced launches in two countries and for two partners. Rollout plans will take time to build momentum but are aggressive.
- **White label partners are generally seeking similar scale.**

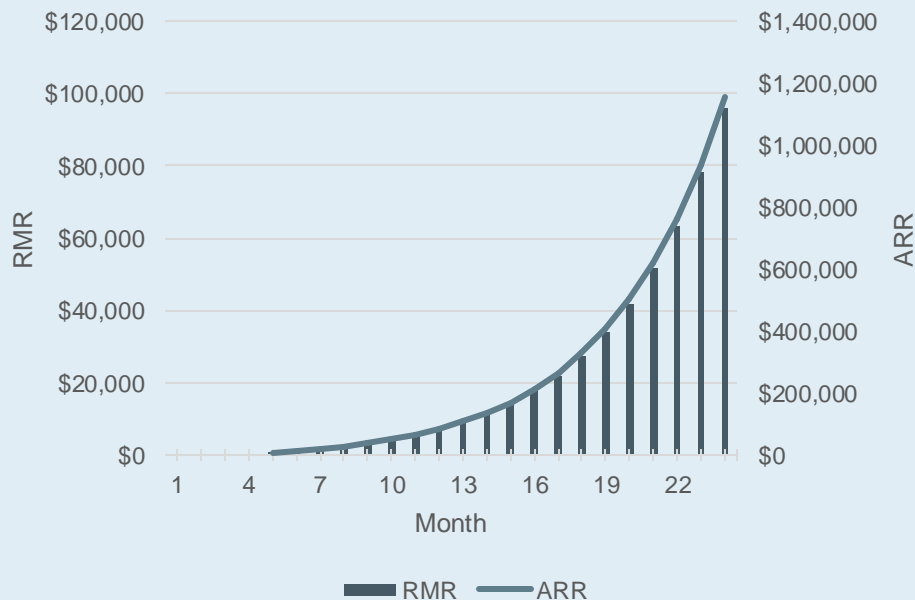
Simplified, single customer, worked example *

Key Assumptions			
Assumed Partner's Customer Base	(a)		1,000,000
Scout's Target Penetration	(b)	10%	100,000
		Range of Hardware	
		Entry Level	Full Service
Average Hardware Sale	(c)	\$80	\$470
Margin on Hardware	(d)	10%	10%
Scout Margin on Hardware	(c)x(d)=(e)	\$8	\$47
RMR per Customer	(f)	\$1.35	\$6.10
Hardware Margin Pool	(b)x(e)	\$800,000	\$4,700,000
Potential RMR	(b)x(f)=(g)	\$135,000	\$610,000
Potential Annualised Recurring Revenue (ARR)	(g)x12	\$1,620,000	\$6,100,000

* All figures in AUD (US\$1.00: AU\$1.34): and approximate

The Prize: The Compound Effect of RMR

Simplified, single customer example



Assumptions:

- Ramp up of installs at 20% growth rate per month
- RMR of \$4.70 * per unit per month

In this single customer example, at Month 24, note:

- Total installed base ~50,000 (half the potential of example demonstrated on the previous page)
- RMR is ~\$100k
- Annualised RMR is ~\$1.2m

** All figures in AUD (US\$1.00: AU\$1.34): and approximate*

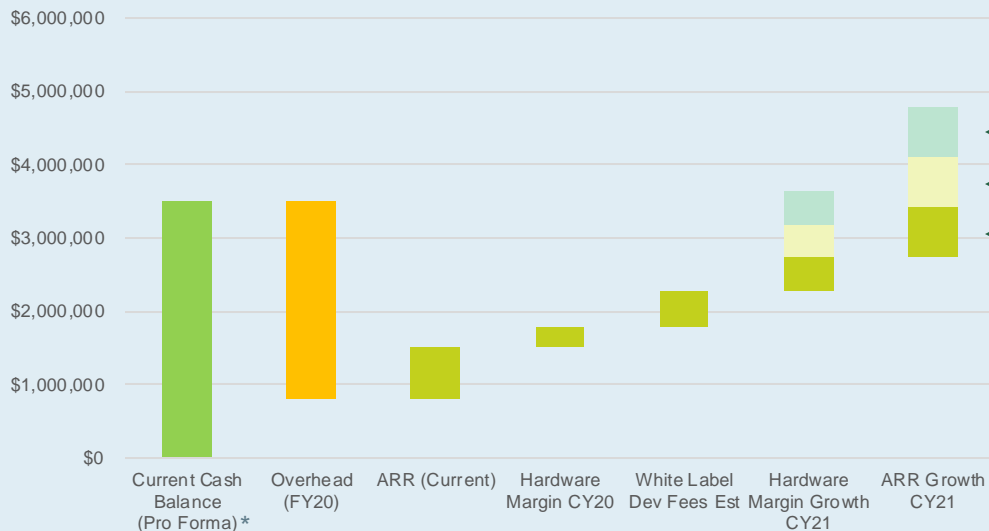
Progress:

- Scout reported US\$130k recurring revenue for the September quarter
- RMR is growing in line with Zego installs
- Growth expected to accelerate with Windstream and Proseur roll out in CY21

Path to Positive Cashflow

CY21 Target Cashflows

(AUD, projected, includes YTD unaudited cashflows)



Assumptions:

- 10% avg. gross margin on hardware
- RMR of \$4.70 per unit per month
- AUD at US\$1.00; AU\$1.34

High

Medium

Base Case

Outlook

- Prosegur and Windstream launches are imminent, and the combination of existing and new programs will determine the High/ Medium / Base Case pictured at left.
- With two white label partners launching in 2021, Scout holds a positive outlook for growth.
- 2021 focus on building RMR through white label sales.
- Scout has an active and growing pipeline of prospective white label partners and expects to announce new partnerships in 2021.

* Cash Balance Pro Forma, assumes resolutions passed at AGM and EGM to complete respective placements

Investment Highlights

Developed, Market-Tested & Recognised Product	<ul style="list-style-type: none"> Over 20,000 units sold. Named 'Best App-Based Security System 2019', US News.
Demonstrated White Label Success	<ul style="list-style-type: none"> Scout has successfully entered into partnerships with large multinational companies in the property, hardware, security and telco sectors. Strong pipeline of new opportunities.
Multi-Pronged Revenue Model	<ul style="list-style-type: none"> Development fees from white label partners can be large, lumpy and fund development. Margin on hardware sales covers hardware costs and contributes to overhead. Recurring revenues grow through alarm monitoring and data storage, with low churn experienced to date.
Recurring, High Margin SAAS Revenue	<ul style="list-style-type: none"> RMR from entry-level sales is expected to be circa USD\$1.00, ranging up to USD\$4.00–5.00 on full service monitored systems. Margins on RMR range 40-70%.
Poised For Strong Growth In Recurring Revenue	<ul style="list-style-type: none"> Prosegur's first country launch in CY21. Potential for other countries to follow. Aggressive roll out plans developed with Windstream for launch in early 2021.
Low Working Capital Requirements	<ul style="list-style-type: none"> Very small inventory as white label business is on parity NET terms with suppliers and customers.
Low Debt	<ul style="list-style-type: none"> \$750,000 in a 7c Convertible Note paying 5% p.a interest. Expiry July 2022.
Funded	<ul style="list-style-type: none"> Recently raised \$3.2m through a partially underwritten Placement and SPP, an additional \$0.3m subject to approval at an EGM.

Corporate Snapshot

Share Price		\$0.12
Shares on issue (m)		133.47
+ T2 Shares	(a)	8.50
+ SPP Shares	(b)	3.70
+ underlying shares from in-the-money Convertible Note (m)	(c)	10.71
+ underlying shares from convertible Performance Shares	(d)	1.50
+ in-the-money 7c options (m)	(e)	13.40
+ 13.5c Options	(f)	1.43
Diluted shares (m)		172.72
Diluted market cap (\$m)		\$20.73
Cash in-hand @ 30 Sep 2020 (\$m)	(g)	0.29
Nov 2020 share placement		3.00
SPP	(b)	0.50
Pro-forma net cash (\$m)		3.79

- (a) Pro Forma, Subject to Shareholder Approval at AGM 23/12/20
 (b) Pro Forma Includes placement of shortfall of 2.21 m shares which is subject to shareholder approval at an EGM expected in late Jan/ early Feb '21
 (c) Convertible at \$0.07
 (d) Pro Forma, Subject to Shareholder Approval at AGM on 23/12/20. A further 4.5m shares may be issued if hurdles are met.
 (e) Expire July 24, exercisable at \$0.07 and includes, Pro Forma, options on same terms but subject to Shareholder Approval at AGM on 23/12/20
 (f) Pro Forma Subject to Shareholder Approval at AGM 23/12/20
 (g) Excludes Proforma \$0.8m cash from exercise of in the money options

KEY SHAREHOLDERS

Shareholders
 (Pro Forma, assuming
 Resolutions passed at AGM &
 EGM and related shares
 issued)

% of
 Issued
 Capital

EGP Capital	8.34%
Prosegur	7.44%
Daniel B Roberts (co-founder)	5.45%
David Shapiro (co-founder)	5.32%
Altor Capital	2.10%
Amazon.com	1.87%



EXECUTIVE DIRECTOR

Dan Roberts

Co-founder, Designer
 MDes, IIT Inst. Of Design
 Sandbox, Maya Design



NON-EXECUTIVE DIRECTOR

Martin Pretty

CFA, BA (Hons) Unimelb, GradDipAppFin
 Finsia, GAICD
 Experienced investment manager and ASX
 company director



NON-EXECUTIVE DIRECTOR

Dave Shapiro

Co-Founder, Developer
 BSA, Miami of Ohio
 Sandbox, JPMorgan



NON-EXECUTIVE DIRECTOR

Anthony Brown

GAICD
 Experienced electronic security industry leader



NON-EXECUTIVE DIRECTOR

Solomon Majteles

LLB WA, FAICD
 Commercial lawyer and experienced ASX company
 director



Home Security.
Simplified.



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SCOUT SECURITY (ASX: SCT)