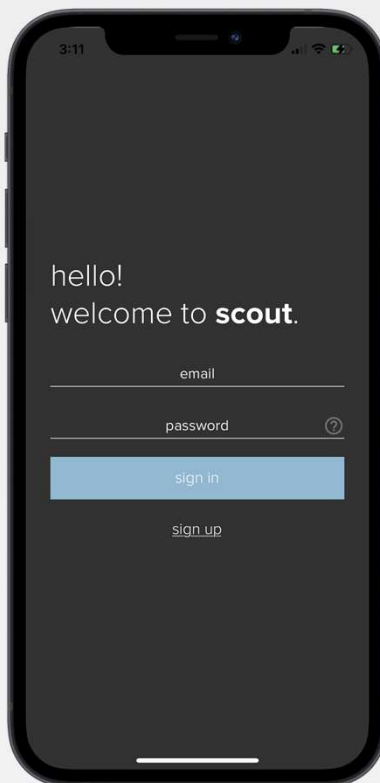


Scout Security (ASX: SCT)

INVESTOR UPDATE

December 2021



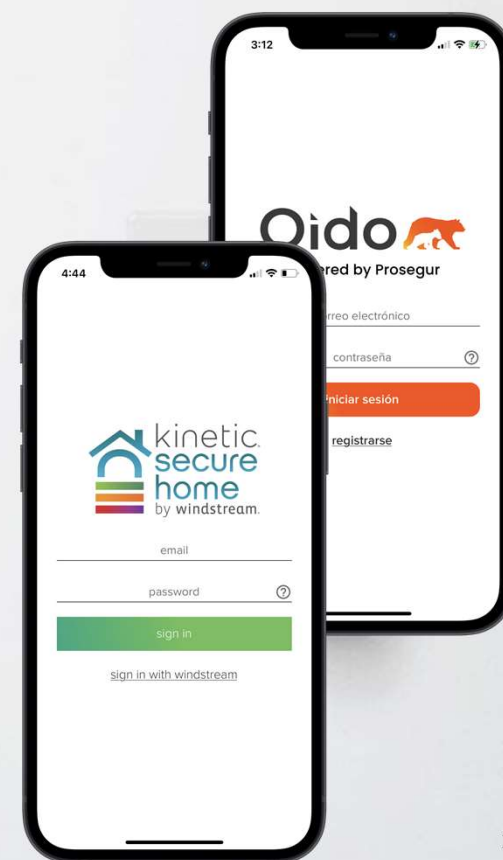
2022 Momentum

- Scout **positioned for scale-up** in CY2022
- Cash flow break-even in sight from orders already received
- Expanded executive team with **new CEO** to drive scale
- Board-led **\$200k placement at significant premium** to market
- Convertible **notes Maturity extended & \$450k raised** in new note



Scaling in Progress

- US telco Windstream demonstrating value proposition of Scout platform
 - Attach Rate has remained at ~15% on newly acquired customers
 - **Orders being placed at volumes higher than current sales**
 - Targeted 10%+ of its 1.4 million customers over 18-24 months
- By September '21 quarter end, Scout had already received enough shipments and binding purchase orders that, once sold and activated, produce sufficient Recurring Monthly Revenue (RMR) to balance monthly cash burn (~\$180k AUD RMR), achieving **cashflow break-even**.
- **New partnership agreement** signed Dec. '21 with Hyperion Partners LLC, a master agent for T-Mobile and other major carriers in the USA.
- Prosegur continues to develop Peru sales and **poised for 2nd international launch**. Product and platform ready, awaiting Prosegur comfort with market timing amidst COVID.



Scaling Partner Spotlight

US Telco Windstream ramping since launch:

- Initial orders exceeded US\$1m in hardware revenue
- Hardware sales convert to subscriptions
- Since Sept-21 launch, Scout has added >AUD\$80k of annualised recurring revenue through this channel
- Average recurring monthly revenue per customer to Scout remains ~AUD\$8 (USD\$6+)
- Initial sales launch has targeted only new Windstream customers
- Opening sales effort to broader 1.4m customers
- Order volumes exceed current sales levels
- Orders are per a program and confirmed monthly
- Windstream spoke about the Scout partnership at a recent industry event:

register.gotowebinar.com/recording/566179638787176198



Telco Experience v. Guidance

	Dec 2020 AGM Assumptions	Q4 2021 Experience
Scout-powered Penetration	10% of total customer base	15% attach rate on new customers (now expanding sales effort to existing customers)
Hardware gross margin	10%	14%
Recurring Monthly Revenue (RMR) per customer	A\$4.70	A\$8.00

Scout-Powered Pipeline

Scout continues to pursue a growing pipeline of Scout-powered opportunities targeting:

- Telco sector peers that now see a Scout-powered solution scaling in their sector
- Internet Service Providers seeking to ramp-up “Smart Homes”
- Multiple carriers at varying stages in the sales cycle
- Next generation WiFi sensing capabilities that integrate security

We'll see you – and prospective customers - at CES 2022 in January



Expanded Executive Team



Ryan McCall, CEO
Appointed CEO Jan. '21

Joins Scout from Underwriters Laboratory (UL) and Futuremark where Ryan held the Director Global Sales and Marketing role.

- Has driven the scale-up of sales of B2B technology businesses including hardware used by Google and Apple
- Engineering background - led design of MEMS-based microphones used by Apple in iPhones 2010-2013



Dan Roberts, Co-founder
Executive Director, Strategy

CEO since Scout's IPO in 2017 and substantial shareholder. Moving from CEO role to Executive Director of Product and Strategy.

- Co-founded Scout in 2013, drove product development & commercialisation to present
- Previously Founder-in-Residence at Chicago-based Venture Capital firm Sandbox Industries
- Academic and professional focus on Design & Strategy

Team Additions & Promotions



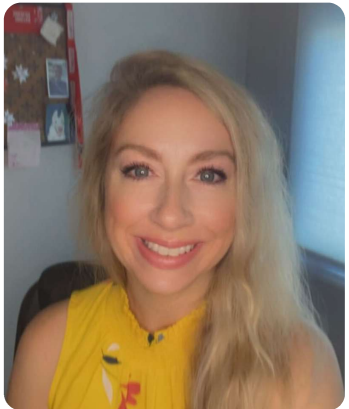
Lisa Arnieri
APEX CPAs

Appointed Chicago-based Apex CPAs & Consultants to provide a comprehensive CFO function that has been ramping up in recent months - led by Lisa Arnieri, CPA



Steve Evans
Senior Director Business Development

Recruited Steven Evans as Senior Director Business Development in June 2021, previously at T-Mobile.



Katherine Williams
Senior Project Manager

Recruited Katherine Williams as Senior Project Manager in August 2021, previously at Phillips Lighting.

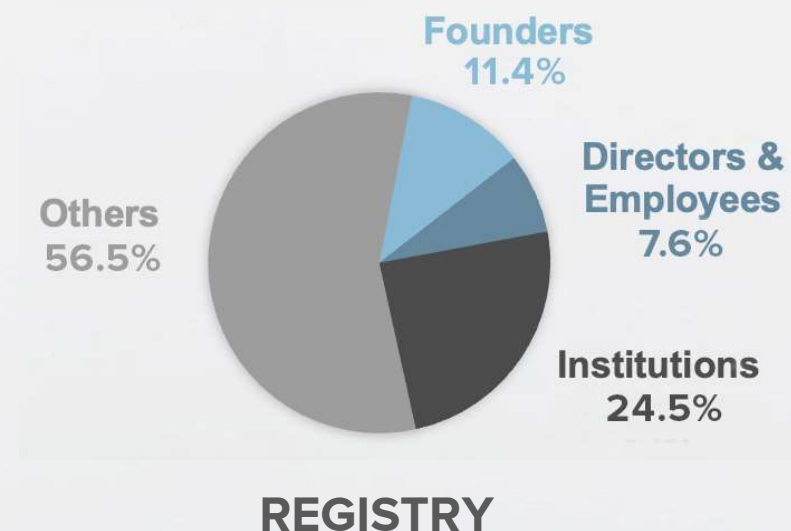


Caleb George
Head of Customer Service

Promoted Caleb George to Head of Customer Experience in July 2021.

Board-led Share Placement at Significant Premium

- **Board of directors to lead \$200k share placement** at 8.75c share:
 - Price is **3x the last traded price on the ASX**
 - **All SCT directors are participating**
 - Placement subject to shareholder approval at EGM (expected to be held in late January 2021)
- Pro-forma of 2.29m shares will be issued
 - Total shares on issue will increase to 153.19m
 - At the placement price, Scout's market cap would be \$13.4m.



Existing Note Term Extended & New \$450k note

Background

- In July 2020, Scout secured funding via a \$2m convertible note facility
- Today, \$1.14m of Convertible Notes are outstanding
- Interest rate of 5% pa and convert at \$0.07 a share, or a 20% discount to any equity issuance with a \$0.03 floor price
- The notes had a term of two years from issue to July 2022

Existing Note Term Extended (subject to shareholder approval)

- **Noteholders representing \$1.075m have agreed to extend the term** of their notes to December-23. A balance of \$63k will remain due in July 2022.

\$450k New Note to be issued (subject to shareholder approval)

- Terms of the New Note materially the same as the existing note, with Maturity Date of 31-Dec-2023.
- Interest rate and conversion terms as above



Corporate Snapshot

Share Price (20/12/2021)	\$0.029
Shares on issue (m)	150.9
Placement to Directors ⁽¹⁾ (m)	<u>2.29</u>
Total Shares Issue (m)	153.19
M.Cap at Last Traded Price (\$m)	\$4.44
Shares if drawn existing notes convert at 7c (m)	16.25
Shares if New Notes convert at 7c ⁽¹⁾ (m)	6.43
7c options (m) expiring July 2024	25.19
7c options (m) attaching to New Note (m) expiring Jan 2026 ⁽¹⁾	0.90
13.5c Options expiring Dec. 2024 (m)	1.43
Performance shares and rights (m)	<u>4.70</u>
Fully Diluted shares (m)	208.09
(1) Pro Forma Subject to Shareholder Approval	

KEY SHAREHOLDERS

Shareholders	% of Issued Capital
EGP Capital	9.56%
Prosegur	7.18%
Daniel B Roberts (co-founder)	6.26%
David Shapiro (co-founder)	5.14%
Altor Capital	5.43%
Amazon.com	1.81%



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



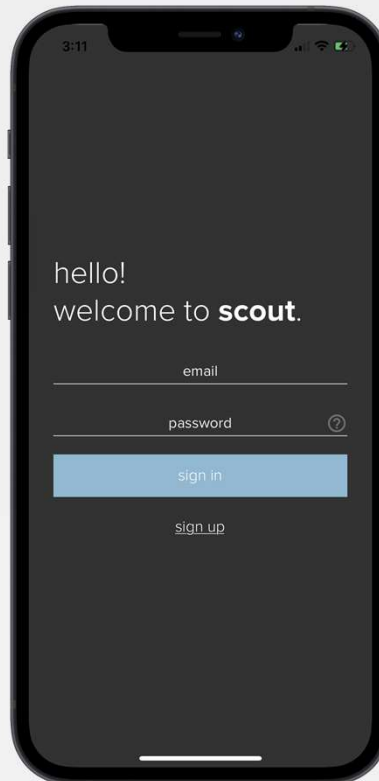
NON-EXECUTIVE DIRECTOR

Solomon Majteles

LLB WA, FAICD
Commercial lawyer and experienced ASX company
director

Scout Security (ASX: SCT)

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