

ASX RELEASE

30 May 2022

Scout Gains \$250k USD (~\$350k AUD) in Receivables Financing

Home security provider Scout Security Ltd ((ASX: SCT), "Scout" or "the Company") is pleased to announce that it has entered into an agreement with an investor group which includes key Scout management personnel and directors of the Company, providing immediate access to \$250k USD (~\$350k AUD) in receivables financing.

The receivables being purchased relate to Employee Retention Credits that Scout earned through its eligibility for US government support pursuant to the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act").

Scout qualifies for over \$275k USD (~\$390k AUD) in Employee Retention Credits under this program. The finance providers have agreed to provide the Company with 90% of the value of these credits (\$250k USD) in cash, and will be made whole with 100% of the value of the credits after the Internal Revenue Service (IRS) pays the reimbursement.

Scout finalized its application for the refund at the beginning of April, and the IRS is currently taking between 9 and 12 months to pay these reimbursements. Scout has agreed to repay an additional 1% of the value of the credits per month in cash if the IRS takes longer than one year to pay Scout.

After conversations with multiple potential financiers, the Company has sourced the best available terms through an investor group which includes CEO Ryan McCall and Executive Director Dan Roberts. This group has waived all financing fees and origination fees, which would typically amount to approximately 5% of the principal provided. The Board has assessed this transaction as being at arm's length as the terms are better for the Company than the prevailing market rate.

The Company thanks Mr McCall and Mr Roberts for their support and commitment to the business. Scout notes that this financing reinforces the alignment between the interests of shareholders, Scout management and its board, following the equity placement completed in December 2021 in which all Scout board directors increased their investment in the Company.

In addition to the Employee Retention Credits financing, Scout continues to focus on balance sheet improvement and has reduced Accounts Payable by 30% since the beginning of April.



The funding provided will bolster Scout's working capital as the Company continues to deliver double-digit month-on-month growth in recurring revenue generated through the US telecommunications sales channel.

This ASX release has been authorised by the Board of Directors of Scout Security Ltd.

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About Scout Security Limited

Scout Security Limited (ASX: SCT) sells the Scout Alarm, a self-installed, wireless home security system that is making security more modern, open and affordable. Scout was recognized as one of Forbes' "Best Home Security Companies of 2022" and was named "Best for Custom Notifications and Alarms" in 2021 by US News and World Report.

Scout's design-centric offering gives users complete flexibility around connected home security, allowing the system to integrate with other best-in-class IoT devices and offering flexible monitoring options. Scout is focused on being the industry's leading white label provider of DIY home security and IoT solutions.

Scout is an official partner of Amazon Alexa and Google's Assistant. Scout is also an Amazon Alexa Fund portfolio company.

