

Scout Security (ASX: SCT) is a white label security-as-a-service platform and product suite powering recurring revenue for some of the largest security, internet service and telco providers in the world.



ASX RELEASE

28 April 2023

USD\$1.72 million (AU\$2.59m) Finance Facility

Security-as-a-Service platform provider Scout Security (ASX: SCT, "Scout" or "the Company") is pleased to announce that the Company has entered into a new finance facility with a syndicate of mostly US-based investors (together the "Lenders"). The facility will provide additional funding to support working capital and the exploration of further growth opportunities.

The key terms of the facility are:

- Rollover of existing secured debt facility of USD\$567k (AU\$857k) held by Adaptive Income, Scout Managing Director Ryan McCall, Scout Co-Founder Dan Roberts, and Scout Chairman Martin Pretty. The interest rate on this facility was 10.0% per annum.
- A new note facility of USD\$1.72 million (AU\$2.59m), representing net USD\$1.15 million (AU\$1.74m) of additional funds. Associated warrants are to be issued at AU\$0.05 and AU\$0.07 per share, with further details in the appendix to this announcement.
- The related parties will be seeking shareholder approval for issuance of their attaching warrants prior to issue.
- The interest rate on the new facility is 12.0% per annum with a term of four (4) years. The facility is senior and secured by all the assets of the Company.

Scout reserves the right to accept up to USD\$4 million (AU\$6.04m) in aggregate to the facility at the same terms.

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

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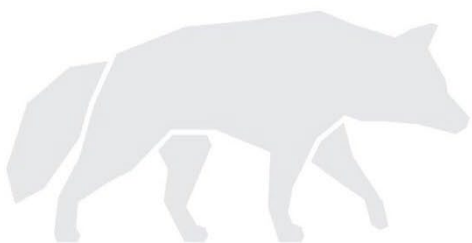


About Scout Security Limited

Scout Security Limited (ASX: SCT) is a white label security-as-a-service platform and product suite powering recurring revenue for some of the largest security, internet service and telecommunications providers in the world. Scout's simple and affordable DIY approach puts security within reach for millions of residential homes, small-to-medium businesses and multi-tenant buildings.

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



Appendix

Key Terms for Note Financing

Up to USD\$4,000,000.00 (AU\$6.04m) may be issued in aggregate. The size of the Financing may be increased by agreement of the Company and the Lenders holding Notes representing a majority of the then-outstanding principal of all Notes (the “Majority Holders”).

The Notes shall bear simple interest at 12.0% per year.

Accrued interest shall be payable monthly by the Company. Principal payments will begin upon the first anniversary of the first issued Note, and will be amortised over a period of four years. Any remaining balance shall be due upon the earlier to occur of i) 60 months from the date of issuance (the “Final Maturity Date”), (ii) a Change of Control or (iii) an Event of Default (as will be defined in the Notes).

The Company may prepay the Notes at any time subject to a 1% Pre-Payment penalty applied to the then outstanding principal balance of the Notes.

The Notes will be secured by all the assets of the Company and be senior to all other debts by the Company. The Company shall not be authorised to issue any security senior to the Notes nor stock cumulatively in excess of 50,000,000 shares (adjusted for any splits, etc.) without approval by 65% of the dollar value of the Notes. Furthermore, the Notes will be pari passu such that all Notes will rank equally, and no payments will be made under any Note unless a pro-rata payment is simultaneously made under all other Notes.

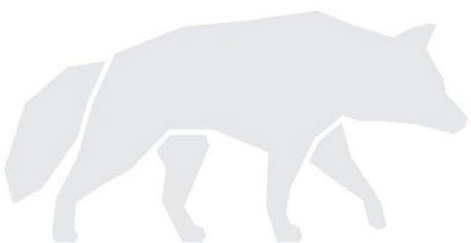
Warrant Coverage:

First Tranche – an initial tranche of warrants shall be issued upon the issuance of any Note, in a ratio equivalent to \$1 (USD): 15 warrants. These warrants shall be exercisable at \$0.05 AUD per warrant by an Investor for a period of 3 years following the issuance of their Note.

Second Tranche – in the event the Company has not repaid 65% of the principal balance of the Notes within 30 months of their issuance, an additional tranche of warrants shall be issued at a strike price of \$0.07 AUD per share, in a ratio equivalent to \$1 (USD): 10 shares. This tranche shall be exercisable by holder for a period of 3 years following the issuance of their Note.

Warrant issuance is subject to the Company having sufficient capacity under ASX Listing Rule 7.1 for the issuance, or holding the prior approval of its shareholders.

Change of Control/Maturity Conversion: At the election of each Note holder or the Majority Holders, outstanding warrants may be paid out upon the consummation of a



sale of the Company by merger, asset or stock sale, or other similar transaction (a "Change of Control"), in which case each then-outstanding warrant will receive the difference between (x) the implied valuation per share on a fully diluted basis and (y) the strike price of the warrant.

