



**ASX RELEASE**

**25 August 2017**

## **Scout Security commences trading on the ASX**

### **Highlights:**

- **Scout Security lists on Australian Securities Exchange after successfully raising \$5 million at \$0.20 per share as part of its initial public offering**
- **A robust and rapidly scaling smart wireless home security business, focused on delivering a modern, curated user experience**
- **Scout is gaining traction with a significant opportunity to expand its distribution platform through wholesale and retail channels**
- **Scout is continuously expanding its user base, which delivers high margin recurring revenue (currently US\$53.6k per month)**
- **No sell-down by pre-existing shareholders; approximately 24% of shares on issue following IPO subject to escrow for between 12 and 24 months**

Home security provider Scout Security Limited ((**ASX: SCT**), "**Scout**" or "**the Company**") is pleased to announce the successful completion of its initial public offering (IPO) and that shares in Scout will commence trading on the Australian Securities Exchange (ASX) today at 1pm AEST.

Scout Security sells the Scout Alarm — a self-installed, smart wireless home security system. Founded in Chicago, USA in 2013, Scout has built a strong base of recurring subscription revenue with significant potential for further growth.

Commenting on the significance of listing on the ASX, Scout Co-Founder and CEO, Dan Roberts, said:

*"From the start, we established Scout as a scalable business with potential for global expansion. We have focused on developing an attractive and easy-to-use product suite, which is proving popular with our growing customer base.*

*"We are now executing on our growth strategy as we pursue the largely untapped addressable market of more than 130 million households in the US, 80% of which currently go unprotected by home security.*



*"Listing on the ASX helps Scout to efficiently access growth capital and allows more Australian investors to share in the Company's future."*

*"We're delighted so many of our first investors are with us on the journey as we begin life as a public company. On behalf of the Board, I look forward to sharing this exciting step in Scout's development with our supportive base of users and investors."*

### **\$5 million capital raising**

The Company has successfully issued 25,052,500 new shares at \$0.20 per share, raising \$5 million as part of its IPO.

The Scout IPO did not incorporate any sell-down by pre-existing shareholders. Approximately 24% of the shares on issue following the IPO will be subject to escrow for between 12 and 24 months. The majority of shares held by directors and founders will be subject to escrow for 24 months from the date of listing.

The proceeds of the IPO will predominantly support an expansion of marketing and inventory production and will provide Scout with working capital.

Armada Capital & Equities Pty Ltd acted as Lead Manager to the IPO.

Prior to the most recent capital raising, the Company had invested US\$3.6 million into bringing the Scout business to market through a series of private funding rounds. This includes an equity investment in Scout made by Amazon.com, Inc. through its Alexa fund.

### **A robust and rapidly scaling business model producing high margin recurring income**

Scout aims to be the go-to experience for connected home security and "Internet of Things" (IoT) services.

Existing home security solutions typically comprise dated, one-size-fits-all offerings that do not match the modern consumer's needs.

For this reason, 80% of the US population currently goes unprotected with no home security. Consumers value security, but want it to be affordable, portable and blend into on-the-go life.

Scout's openness gives users flexibility, with an offering that lets users tailor their choice to their needs.



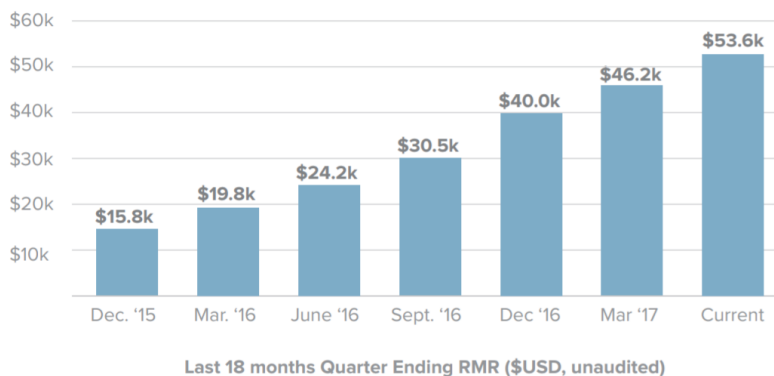
No other home security system integrates with as many best-in-class devices and platforms, making Scout a bridge for consumers into the wider connected home.

Hardware is a vehicle to deliver Scout's powerful software and service platform. Active 24/7 monitoring-as-a-service is just one of many services Scout can offer once in the home.

Scout makes money from recurring monthly service fees and system sales.

As the Company has expanded this eminently scalable model, recurring monthly revenue (RMR) more than doubled in the 12 months to June 2017, and more than tripled over the 18 months to that point.

#### Recurring Revenue Growth



The Company looks forward to updating investors regularly on its progress in scaling up growth in users and recurring monthly revenue as it builds out a comprehensive product roadmap.



## Roadmap



**For more information, please contact:**

### **Dan Roberts**

Chief Executive Officer

[investors@scoutalarm.com](mailto:investors@scoutalarm.com)

### **Tim Dohrmann**

Investor and Media Enquiries

+61 468 420 846

[tim@nwrcommunications.com.au](mailto:tim@nwrcommunications.com.au)

### **Michael Shaw-Taylor**

Corporate Advisor

[michael.shaw-taylor@armadacapital.com.au](mailto:michael.shaw-taylor@armadacapital.com.au)

### **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. In 2016, the Scout system was recognised by CNet as one of the Best Smart Home Devices of the year.

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, Google's Works With Nest and Samsung SmartThings. Scout is also an Amazon Alexa Fund portfolio company.

[www.scoutalarm.com](http://www.scoutalarm.com)



**scout security**

SCT.ASX Investor Presentation  
23.08.2017

A photograph of a wooden desk with a stack of books and a laptop. The text is overlaid on the desk surface.

## **vision**

Scout aims to be the go-to experience for connected home security and IOT services. We believe security is a trojan horse into the internet of things - solving a known problem that people will pay for.

## The Problem

Existing home security solutions do not match the modern consumer's needs and IOT is confusing.

**Dated, one-size-fits-all offerings fail to meet basic expectations of consumer devices in 2017.**

**Consumers value security, but want it to be affordable, portable and blend into on-the-go life.**

**80% of the USA goes without security. (1)**

Sources: (1) <https://www.protectyourhome.com/blog/articles/2014/february/5-reasons-why-more-americans-are-installing-home-security-systems>

# The Market

**80% of the population lives unprotected without security.**

## Target Consumer

- Millennial and Gen X householders
- Middle income and up
- Reach next 1-3% of non-consumers

## Market Stats

- 130MM homes, 35% renters <sup>(2)</sup>
- Home Security is a \$23B market <sup>(4)</sup>
- Alarm.com 114x PE multiple
- ADT bought for US \$6.9B

Sources: <sup>(2)</sup> <http://quickfacts.census.gov/qfd/states/00000.html> <sup>(3)</sup> MarketsAndMarkets, Statista, 2015 <sup>(4)</sup> <https://www.ibisworld.com/industry/default.aspx?indid=1491>

## America's Smart Home Market through 2020 <sup>(3)</sup>





# Modernising Security

## Openness Gives Users Flexibility

- Integrations let consumers customise
- Devices won't win, the best experience will

## Modern Design for a Modern Lifestyle

- Simple, intuitive & curated end-to-end
- Clean aesthetics that fit with home decor

## A Bridge into the Wider Connected Home

- Easy for customer to expand into IOT from core
- A known need, customers are used to paying

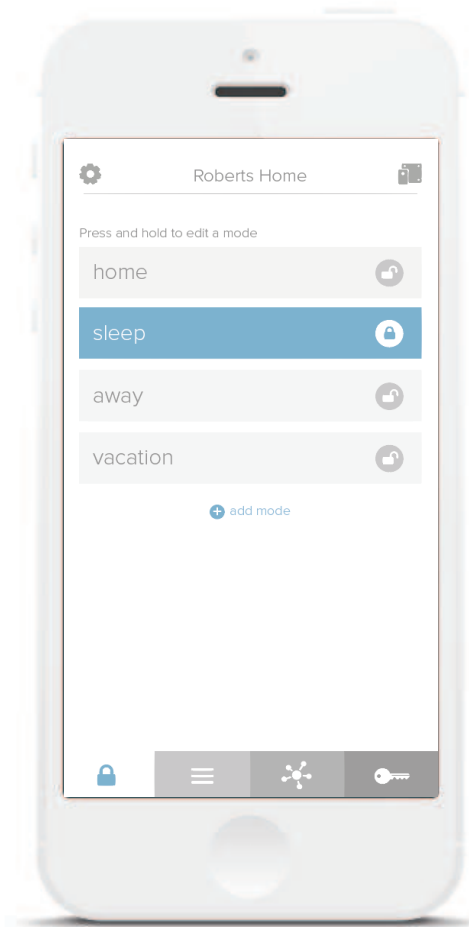


## Monitoring-as-a-service

Hardware is a vehicle to deliver Scout's powerful software and service platform.

### Hardware is necessary, but it's not the point:

- The majority of first-time IOT purchases are driven by a security device need
- 24/7 monitoring is just one of the many services Scout can offer, once in the home
- Active Monitoring-as-a-Service deal with SmartThings
- **Ongoing discussions with major retailers show strong potential to materially boost Scout's user base and RMR**



# scout system



## The Product

Scout is a self-installed, wireless home security system. It's an affordable, renter-friendly solution.

### Simple and Affordable

- Self-installation, Portable
- Modern and minimal
- LTE, Zigbee & Z-waves enabled

### Flexible Monthly Service Fees







- US\$9.99 - \$19.99 per month
- Month-to-month or annual
- Customisable kits



# Ecosystem

No other system integrates with as many best-in-class devices and platforms.

## Integrations compound intelligence:

- Official partner of: Google Home   
    
 
- Displaced Samsung SmartThings as CNet's security system of choice
- Voice control via Alexa and Android
- Schlage door locks, GE Lighting, moisture sensors and more



## In the Press



#1 “Best, No Contract Home Security System”



Top 5 Best DIY Home Security System



“I’ve been raving about the Scout Alarm since I first installed it, each day growing more and more comfortable with the security it provides.”

- Jordan Crook

**Top 10 Best Home Security System for 2017.** Also named the “**Best Designed**” system in the top 10, beating ADT, Simplisafe, Vivint and AT&T Digital Life.



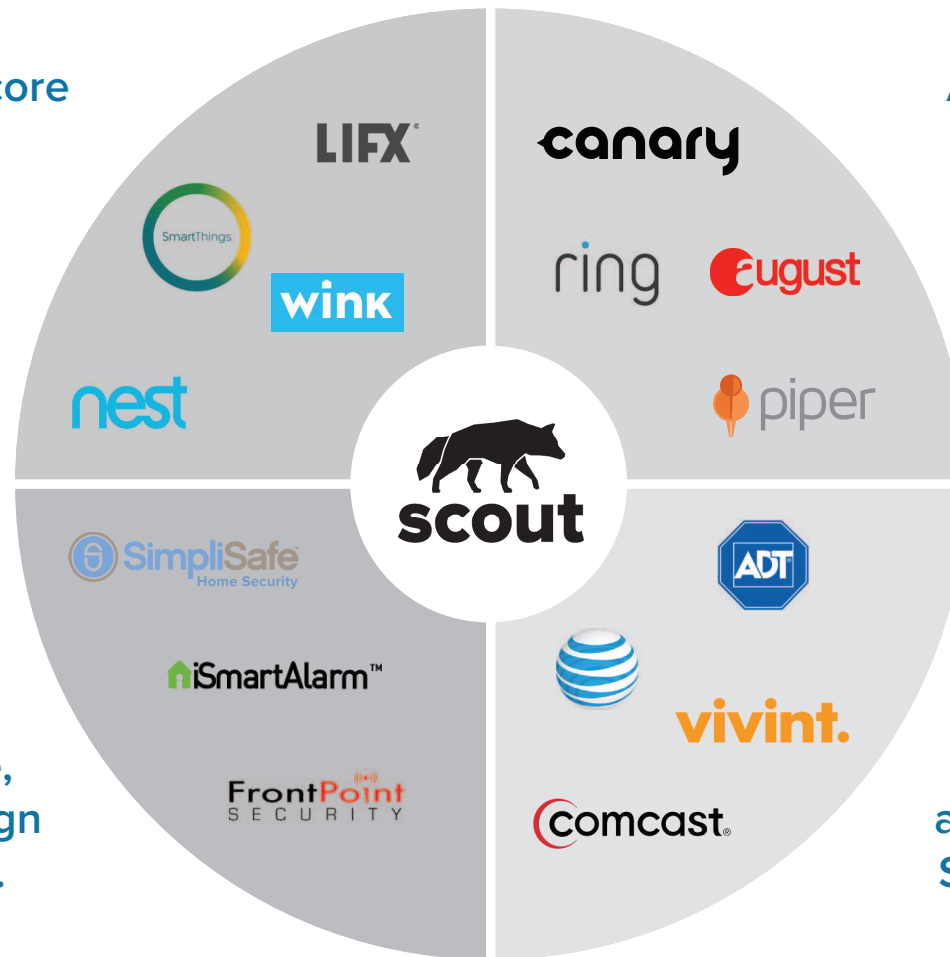
# Scout vs. Competition

## Automation

Automation lacks core security features: backup battery, cell backup and pro monitoring.

## Monitoring

A blend of sensors with Scout reduces false alarms, user cost and bandwidth usage.



Scout integrates across smart home, has a modern design and the latest tech.

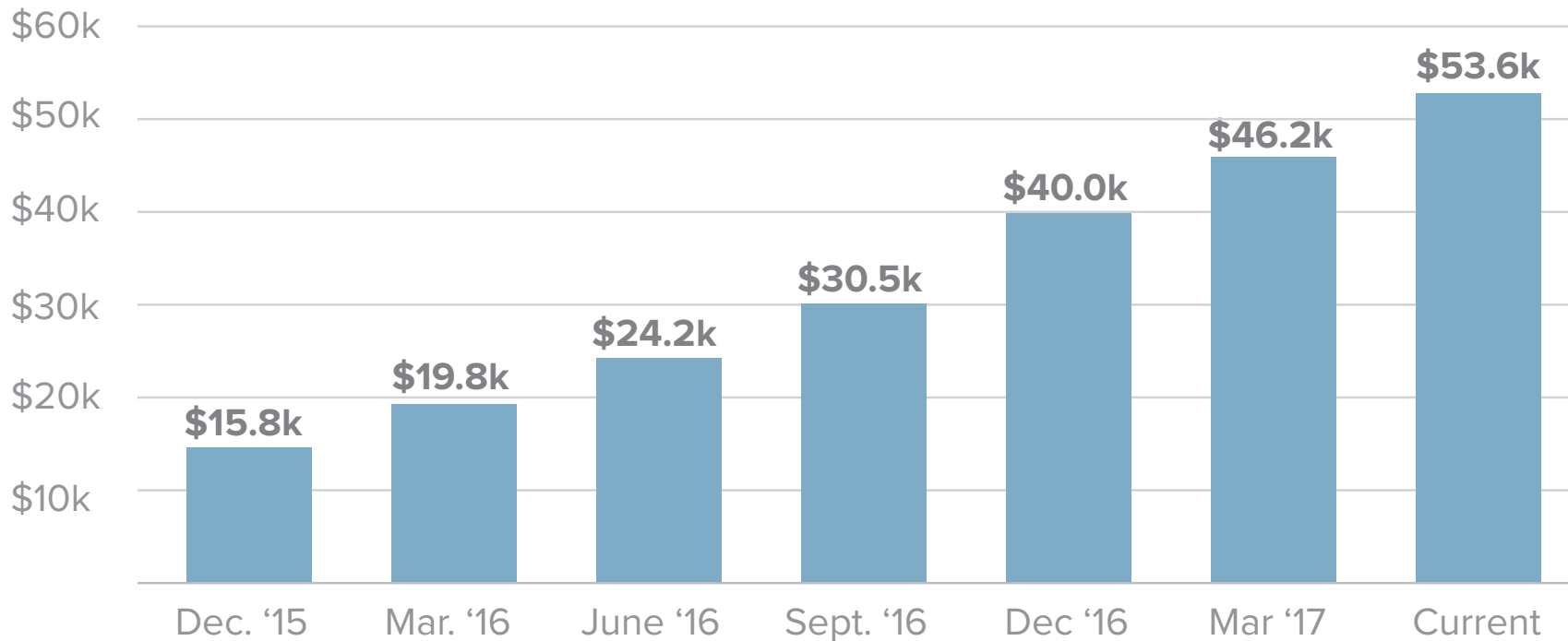
There is no installer, no long-term contracts and no hidden fees with Scout. It's also portable.

## DIY Security

## Traditional Security

## Recurring Revenue Growth

RMR has more than doubled in the past 12 months and more than tripled in the past 18 months.



Last 18 months Quarter Ending RMR (\$USD, unaudited)



# Roadmap

Current

Q1-Q3 2017

Q4 2017 & Beyond

Sold by Scout



version 1



version 1S



dealer program



scout cam

White Label



camera



moisture



repeater



Garage



Glass Break



PERS



Smoke & CO

Device Integrations



Platform Integrations



Google Home



# Scout Security Ltd. (ASX:SCT)

## Trading Information

ASX Stock Code:	<b>SCT</b>
Share price on listing (Aug 25th):	<b>\$.20</b>
Share price on ASX (free float):	<b>77.75 m</b>
Escrowed shares (24 mo):	<b>22.97 m</b>
Escrowed shares (12 mo):	<b>1.11 m</b>
Escrowed performance shares* (24 mo):	<b>36 m</b>
Escrowed options (24 mo, 30c):	<b>21 m</b>

**Market Cap: \$20.37 m**

**Cash: \$5.15 m**

**EV: \$15.22 m**

## Top 10 Shareholders

Shareholder	% of Issued Capital
Daniel B Roberts	7.80%
David Shapiro	7.61%
Alexander Gerko	5.92%
John Strong	4.56%
Lydia Security Monitoring	3.41%
Celtic Capital PTY LTD	2.71%
Amazon.com Investment	2.68%
Dead Knick PTY LTD	1.89%
Monomatapa Coal PTY LTD	1.72%
Global Megacorp PTY LTD	1.59%
<b>Total</b>	<b>39.89%</b>

\* 33.3% of shares per milestone: US\$1.5M sales in 6 mo, US \$4M sales in 12 mo, US \$6M sales in 18 mo

# Board / Management

Executive Director



**Dan Roberts**

Co-founder, Designer  
MDes, IIT Inst. of Design

As the CEO at Scout, Dan oversees the sales and marketing teams at Scout, along with all design related activities. Dan has previously worked in startups and blends business and design expertise at Scout.

Executive Director



**Dave Shapiro**

Co-founder, Developer  
BSA, Miami of Ohio

As the CTO and head of engineering at Scout, Dave oversees every aspect of the Scout ecosystem. Dave brings both startup and full stack development experience to Scout.

Non-executive Directors

**John Strong (chairman)**

Preceding his involvement with Scout, John, worked as a prolific angel investor (VC) with a 25 company startup portfolio. He also cofounded a startup accelerator in Irvine, California and has served as a director of multiple companies.

**Anthony Brown**

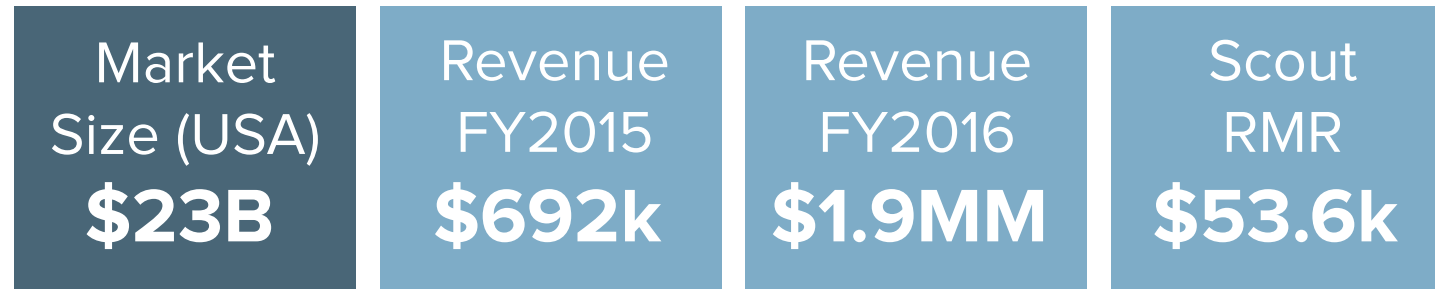
Anthony has been involved in the electronic security industry for over 25 years, with a career that spans many facets of the industry.

**Sol Majteles**

Sol has over 40 years experience in business, corporate, property and commercial law. He has been a director of a number of public listed companies operating across a variety of sectors.

## Strategic Investment Highlights

Scout is positioned at the intersection of DIY security and IOT - two markets projected to grow exponentially.



**#1 Best, No Contract Home Security System**



**Top 5 Best DIY Home Security System**



**"Best Designed" and Top 10 Overall Security System**

investor & partner



additional partners



Google Home

# Disclaimer

This presentation has been prepared by Scout Security Limited (Scout). It does not purport to contain all the information that a prospective investor may require in connection with any potential investment in Scout. You should not treat the contents of this presentation, or any information provided in connection with it, as financial product advice or advice relating to legal, taxation or investment matters.

This presentation and the information contained herein and all electronic and/or hard copy documentation which comprise it are being provided to you solely for your information and may not be copied, reproduced, distributed, disclosed or published, in whole or in part, to any other person for any purpose whatsoever at any time without the prior written consent of Scout. This presentation is not an offer to any person nor is it a prospectus.

Scout has prepared this document based on information available to it at the time of preparation. No representation or warranty (whether express or implied) is made by Scout or any of their officers, advisers, agents or employees as to the accuracy, completeness or reasonableness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or provided in connection with it, or any omission from this presentation, nor as to the attainability of any estimates, forecast or projections set out in this presentation.

This presentation is not investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. The information contained in this presentation has been prepared without taking into account the objectives, financial situation or needs of individuals.

This presentation is provided expressly on the basis that you will carry out your own independent inquiries into the matters contained in the presentation and make your own independent decisions about the affairs, financial position or prospects of Scout. Scout reserves the right to update, amend or supplement the information at any time in their absolute discretion (without incurring any obligation to do so).

Scout, nor their related bodies corporate, officers, their advisers, agents and employees accept any responsibility or liability to you or to any other person or entity arising out of this presentation including pursuant to the general law (whether for negligence, under statute or otherwise), or under the Australian Securities and Investments Commission Act 2001, Corporations Act 2001 (Cth), competition and any such responsibility or liability is, to the maximum extent permitted by law, expressly disclaimed and excluded.

# Disclaimer Continued

Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in Scout.

This presentation contains reference to certain intentions, expectations, future plans, strategy and prospects of Scout.

Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of Scout may be influenced by a number of factors, many of which are outside the control of Scout. No representation or warranty, express or implied, is made by Scout, or any of their directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved.

Given the risks and uncertainties that may cause Scout actual future results, performance or achievements to be materially different from those expected, planned or intended, recipient's should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. Scout does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended.

This document does not constitute any part of any offer to sell, or the solicitation of any offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulation S under the US Securities Act of 1993 (Securities Act). Scout shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including any exemption for qualified institutional buyers.

**Dan Roberts**

CEO, Scout Security

[investors@scoutalarm.com](mailto:investors@scoutalarm.com)



**Tim Dohrmann**

Investor and Media Enquiries

[tim@nwrcommunications.com.au](mailto:tim@nwrcommunications.com.au)