



**ASX RELEASE**

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## **Scout Unaffected by US Tariffs on Chinese Goods**

### **Highlights:**

- **Scout has taken action in the first half of 2019 to streamline the Company's supply chain and extract a competitive advantage by avoiding newly-imposed tariffs levied on goods for the USA manufactured in China.**
- **The last batch of prepaid components in China were turned into Scout finished goods in January 2019, incurring a small, one-time exposure to the new tariffs. All of Scout's production efforts since have been unaffected by US/China tariffs.**
- **Moving production to Taiwan has been achievable as the Scout white label program was built specifically to be a hardware agnostic platform. Should tariffs ever become an issue in Taiwan, Scout retains the flexibility of porting its software platform to a wide variety of hardware being produced in numerous locations globally.**

Home security provider Scout Security Limited ((ASX: SCT), "Scout" or "the Company") wishes to update the market in regard to recent trade negotiations between the United States of America and China, resulting in tariffs imposed on Chinese produced goods in the first half of 2019. Scout has been largely unaffected by the tariffs and does not expect to be affected on a move forward basis.

Scout maintained a portion of its production facilities in China through 2017 and 2018. Prior to the recent round of US tariffs being announced in May 2019, the Company had already planned to move both branded and white label production to Taiwan and was already producing in Taiwan. The last batch of Scout hardware produced in China was finished in January 2019. The Company incurred approximately US\$10,000 in tariffs when importing these goods into the USA under the new regulations, however, all future production will be completed in Taiwan and unaffected by the ongoing trade negotiations between the USA and China.

The core value proposition in developing Scout's white label program transcends country-specific tariffs. It has yielded an industry-leading, highly scalable, hardware-agnostic software platform.



The Company has designed this platform from the program's inception to be able to port it to integrate with a variety of security hardware being produced in numerous locations around the globe. Architecting the Scout platform in this manner not only provides flexibility to partners in regard to product mix, but also allows for supply chain fluidity as international trade dynamics evolve over time.

The Company closely monitors trade negotiations in countries relevant to Scout's supply chain and will continue to update the market on any material developments in that regard.

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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. 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.

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