

**ASX RELEASE**  
26 August 2019

## Scout secures new working capital facility of up to \$1m

### Highlights:

- **Scout secures a new working capital facility of up to \$1 million to facilitate business growth**
- **The working capital facility provides access to \$500,000 immediately and the ability to draw down another \$500,000 during the term of the facility**
- **The working capital will give Scout flexibility to continue to pursue growth opportunities in both the direct-to-consumer and white label markets**

Home security provider Scout Security Limited ((ASX: SCT), "Scout" or "the Company") is pleased to announce that it has entered into an agreement providing access to a working capital facility of up to AU\$1 million, available in two separate tranches. The funds will allow Scout to continue to pursue growth opportunities across the Company's lines of business.

Scout Security co-founder and CEO, Dan Roberts, said:

*"Securing this facility allows us to fund the working capital Scout needs to meet the Company's expectations to continually expand Scout Alarm deployments and grow monthly recurring revenue. As our existing white label business continues to expand and new opportunities arise, this facility gives us the flexibility to respond with additional resources to meet the demands of those programs."*

*"The facility will support Scout's operational expenditures and allow the Company to pursue growth opportunities in the second half of the year. This will empower us to meet customer orders faster as we continue to aggressively grow the business in the USA and abroad."*

*"We look forward to building Scout's operational momentum with greater supply chain efficiency as our white-label partnerships continue to develop as planned."*

The key terms of the agreement will see Scout receive a first tranche of AU\$500,000 upfront, with each tranche of the facility having a term of 180 days, and a minimum term



of 90 days. In the event Scout draws down on the second AU\$500,000 tranche (available 150 days after the first tranche is drawn down), bringing the total to AU\$1 million, the term of the second tranche will be a further 180 days, and a minimum of 90 days. The interest rate will be fixed on each advance at 11.25% per annum, calculated and payable every 30 days after the relevant advance is drawn.

On completion of the first tranche, the lender may, unless an event of default has occurred, elect to receive partial payment (calculated as the difference between interest of 11.25% per annum payable in respect of an advance and the interest that would have been paid in respect of that advance if interest accrued at 6.25% per annum) in the form of 1,000,000 SCT options, exercisable two years after the date of issue with a strike price of AU\$0.15. Should the Company elect to draw down the second tranche, and the lender has made the election referred to above, the lender will be issued an additional 2,000,000 SCT options, exercisable two years after the date of issue with a strike price of AU\$0.15, upon repayment of that advance with no reduction in the interest rate.

In the event of default by the Company, an additional 5% interest per annum will apply and the Company will be required to issue an additional 5,000,000 SCT shares for each advance that the Company has defaulted in respect of. Further, the Company will be required to issue the 1,000,000 SCT options in respect of the first advance with no corresponding reduction in interest rate.

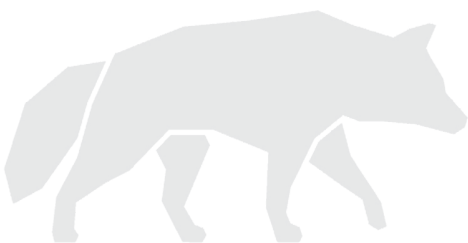
In the event the Company does not receive shareholder approval for any tranche of shares or options contemplated above, the Company will be required to make a cash payment equal to the greater of the value of the securities that would have been issued to the lender and \$50,000 in respect of each tranche of securities that are not issued. In this regard, all issues of shares and options contemplated by the agreement are subject to the prior receipt of shareholder approval, provided that the Company may elect to issue securities using its placement capacity should it have sufficient capacity available at the time.

The loan will be secured by a general security deed over the assets of Scout Security Ltd.

**For more information, please contact:**

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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 named “Best App-Based Security System” in 2019 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, Google’s Assistant and Samsung SmartThings. Scout is also an Amazon Alexa Fund portfolio company.

