

ASX RELEASE

17 February 2020

Scout White Label Program to Exceed Initial Expectations for March Quarter

Highlights:

- **Scout expects to receive a minimum of AU\$700,000 in the March quarter from partner development and licensing fees across its white label program as the Company meets contractual milestones**
- **Fees include payment for work completed in the quarter and upfront cash fees to cover the next six months' development works with partners in the smart access control industry**
- **Planned changes to team structure expected to eliminate cost while boosting capabilities in enterprise sales and partner success**

Home security provider Scout Security Limited ((ASX: SCT), "Scout" or "the Company") is pleased to provide an update regarding its white label program.

This program sees the Company partner with well-resourced players in the security and connected home industries, with Scout gaining access to their iconic branding, global distribution networks and unique product development capabilities to accelerate growth in the Company's business. It leverages everything the Company has built to gain scale independent of available capital.

White Label Cash Infusion

Scout is pleased to advise that the Company anticipates receiving a minimum of AU\$700,000 in the March quarter from partner development and licensing fees across its white label program as it meets contractual milestones.

The expected inflows will come from existing white label partners and early-stage works with partners in the smart access control industry.



The development and licensing fees relate in part to work already completed and will also fund the next six months of development for an ongoing program, expanding on the initial work already in progress. Initial expectations were exceeded for the current quarter as these prepaid fees cover work anticipated to be undertaken in CYQ2.

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

"We are excited to continue advancing our white label program. Some of the Company's early program works in the smart access control space bring valuable diversity to our increasingly robust book of white label partners who are adapting the Scout platform to address unmet needs for customers. The fees we earn upfront will substantially offset our engineering costs and empower Scout to continue developing its platform."

"Smart access control solutions are becoming an increasingly sought-after property value driver. As consumer adoption of smart home devices and smartphone-based access control grows, we expect that these now-innovative services will soon become a baseline expectation for new home buyers or tenants leasing from a property manager. We're looking forward to delivering on those expectations as our white label program continues to develop."

Positioning Scout to Gain Scale Efficiently

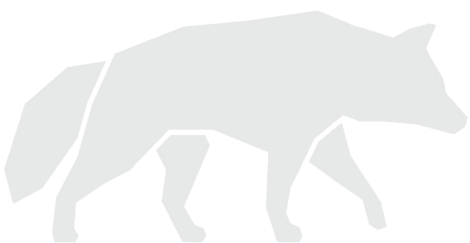
The Company's achievement of positive net operating cashflow in the December quarter highlights that even a small number of white label partners can dramatically boost Scout's trajectory. Scout plans to maximise the positive impact of developing multiple concurrent white label partnerships by working internally to ensure the Company maintains the optimal team structure to capitalise on the opportunity.

Seven years of research and development has yielded a robust platform which has attracted several multibillion-dollar partners to Scout. As a result, the Company's most immediate needs are now shifting from platform development to platform marketing.

Scout intends to boost its capability in enterprise technology and enterprise sales by recruiting experienced, technically-oriented team members who can expand Scout's sales, increase conversion and further evolve the business towards the capabilities of B2B partner sales.

Concurrently, the Company intends to structure its engineering team in a shape that matches its current growth phase. The Company expects these actions to eliminate redundancy and cost while retaining the flexibility to scale engineering resources up or down based on partner needs.

The Company believes these are exciting changes that will put Scout in the best position



to capitalise on the nascent white label growth opportunity.

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 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.

