

ASX RELEASE

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Scout and Prosegur Agree on International Rollout, 1st Market

Highlights:

- **Scout and Prosegur have signed a 5-year Commercial Agreement:**
 - Prosegur will prepay Scout US\$500k (~AU\$728k) which will fund customisation
 - Prosegur will launch and market new and innovative security products based on Scout's technology in up to 26 of its international markets
 - Prosegur will be granted exclusivity in certain of its key markets and earn exclusivity in others based on order volumes
 - First target market selected, with launch planned in 2020
- **This agreement serves as the basis for Scout to transform into a global company, backed by the resources of a billion-euro market cap security leader**

Home security provider Scout Security Limited ((ASX: SCT), "Scout" or "the Company") is pleased to advise of material recent progress in the Company's strategic partnership with Prosegur Global Alarmas ROW, S.L., a subsidiary of multinational security company Prosegur Compañía de Seguridad, S.A. (BMAD: PSG, "Prosegur"), first announced to the ASX on 12 December 2018.

A summary of the material terms and conditions of the Commercial Agreement is set out in the Schedule to this announcement. Importantly, the agreement contains the following commercial aspects:

- Prosegur will pay Scout US\$500,000 (~AU\$728,000) to fund the customisation of Scout's platform for it to be branded under Prosegur owned brands.
- For the above payment, Scout will grant Prosegur an initial license to white label rights to give effect to the global expansion. The licence territory is global, excluding the USA and is exclusive in select territories where Prosegur has developed significant brand equity.
- Scout and Prosegur have selected their initial launch market and will now proceed with commercialisation activities ahead of an expected launch in CY20.
- The parties have defined an international go-to-market strategy through which the parties plan to schedule the launch of innovative new security solutions in Prosegur's footprint. Scout's hardware and software will power these products, which will benefit from Prosegur's depth of experience, leadership and extensive distribution capability in the residential and professional security markets.

Prosegur has been granted exclusivity in select territories in Latin America and Europe as part of the commercial agreement. These exclusivity arrangements ensure Prosegur can expand its portfolio of services in their core markets while also providing incentive to accelerate commercialisation timelines into large, competitively important international markets.



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

"We are incredibly excited to commence the commercial rollout efforts with Prosegur, a key partner and stakeholder. The Scout team has been striving towards becoming a global company operating at global scale and this is a major milestone on the road to reaching those goals."

"Scout and Prosegur have developed a close working relationship since Prosegur invested in Scout in December 2018, which has allowed us to refine a mutually beneficial strategy. Now that we have line of sight on new international rollouts in cooperation with and backed by Prosegur, we are excited for what the future holds for the growth of our smart home security solutions."

"With commercialisation of our partnership now imminent, we look forward to expanding our base of active users and delivering growth in upfront and recurring revenue."

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

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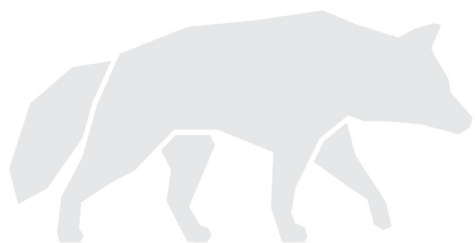
About Scout Security Limited

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.

About Prosegur:

Prosegur is a global leader in the private security sector. Across its three business lines - Prosegur Security, Prosegur Cash and Prosegur Alarms - Prosegur provides companies and households with reliable security services using the most advanced market solutions. With a global presence, Prosegur reported sales of 4.198 billion euros in 2019, and is listed on the Spanish stock exchanges under the ticker code PSG, with a team that currently numbers more than 160,000 employees. The company's social initiatives are directed through the Prosegur Foundation, which, with 31,111 beneficiaries in 2019, focuses on four key pillars: education, employment inclusion for people with intellectual disabilities, corporate volunteering and cultural development.



Schedule – Commercial Agreement

The material terms and condition of the Commercial Agreement are set out below:

Pre-Paid License Fee	Prosegur has agreed to pay an initial pre-paid license fee of US\$500,000 (“ Pre-Paid License Fee ”) to the Company within 60 days of Prosegur issuing a purchase notice to the Company. During the Initial Term (defined below), the Pre-Paid License Fee will be applied toward development of products that utilise the Company’s technology to be sold under Prosegur brand names (“ Prosegur Products ”). Prosegur will not be entitled to apply the Pre-Paid License Fee toward development of Prosegur Products outside of the Initial Term.
Pre-Paid License	For a period of 24 months from payment of the Pre-Paid License Fee (“ Pre-Paid License Term ”), the Company will grant to Prosegur a non-exclusive, irrevocable, transferable license to use the Company’s technology in Prosegur Products within the Territory (defined below).
Subsequent Licence	For a period of three years commencing on and from expiry of the Pre-Paid License Term (“ Initial Term ”), in consideration for payment of monthly license fees, the Company will grant to Prosegur a non-exclusive, irrevocable, transferable, perpetual license to use the Company’s technology in Prosegur Products within the Territory.
Territory	The territory in which Prosegur has been granted a licence is made up of the entire world, with the exception of the USA (“ Territory ”).
Exclusivity	Prosegur has been granted exclusivity in select territories in Latin America and Europe, with an ability to acquire exclusivity in additional significant international jurisdictions upon meeting agreed minimum order thresholds. The Company does not consider that granting exclusivity to Prosegur will adversely impact the Company, as: <ul style="list-style-type: none"> ▪ the Company did not otherwise intend to enter the markets in which Prosegur has been granted exclusivity; and ▪ the Company would only consider entering the markets in which Prosegur can acquire exclusivity through partnership arrangements, subject to the partner being committed to entering those markets, which is provided for under the agreement.
Termination	Prosegur may terminate the Commercial Agreement without cause by giving the Company thirty (30) days’ written notice. The Commercial Agreement otherwise contains customary termination provisions for breach by the other party or in the event an insolvency event occurs.
Continuity License	If an insolvency event occurs in respect of the Company or Prosegur terminates the agreement as a result of breach by the Company, Prosegur will be entitled to continue exercising its rights under a perpetual license from the Company.
Break-up License	If Prosegur terminates the Commercial Agreement without cause, Prosegur may elect to be granted a perpetual license from the Company in consideration for a fixed license fee, which shall incorporate license fees paid by Prosegur prior to termination.
Intellectual Property Rights	Each party will retain ownership of all intellectual property in existence at the time the Commercial Agreement was executed.

