

Scout Security (ASX: SCT) provides modern, curated home security experiences with end-to-end solutions that are smart, simple and affordable.



ASX RELEASE

22 July 2020

Scout Security Investor Webinar Presentation

Home security provider Scout Security Limited ((ASX: SCT), "Scout" or "the Company") provides a copy of the Investor Webinar Presentation that will be referred to in an investor webinar to be held today at 1:00pm AEST.

Registration is still available at the link below:

https://us02web.zoom.us/webinar/register/WN_Js8cUc59T2igmj6TQTs8KA

After registering, you will receive a confirmation email containing a calendar invitation and information about joining the webinar.

To join the webinar via telephone, please use one of the following numbers and enter the Webinar ID: 827 1450 9902

For higher quality, dial a number based on your current location:

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International numbers available: <https://us02web.zoom.us/j/kvsfa5uem>

A recording will be made available shortly after the conclusion of the webinar at the same link.

This ASX release has been authorised for release by.

Dan Roberts
Chief Executive Officer



For more information, please contact:

Dan Roberts

Chief Executive Officer

investors@scoutalarm.com

Tim Dohrmann

Investor and Media Enquiries

+61 468 420 846

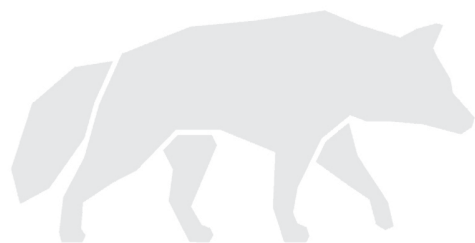
tim@nwrcommunications.com.au

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. 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.





scout

07.2020 update
ASX: SCT

Scout Security at a Glance

Powerful software & service platform.

Scout's core technology is a software platform for smart home security, integrated with best-in-class IOT devices. The solution is a modern, connected home ecosystem sold to white label partners and under the Scout brand.

Hardware enables delivery of the platform to subscribers who pay recurring monthly subscriptions for software and back-to-base monitoring.

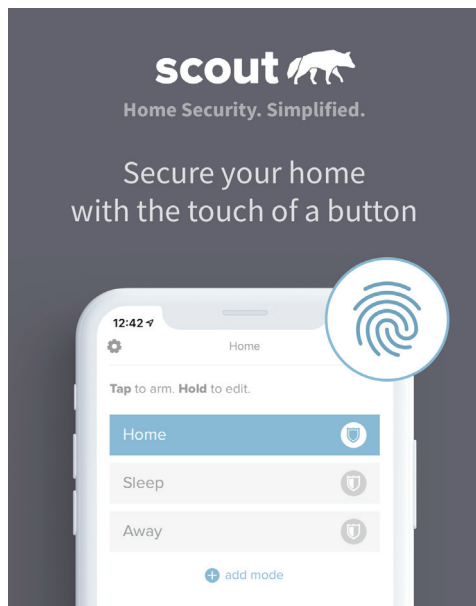


"Best App-Based Security System"
2019 by US News and World Report

Partnerships



Software



Hardware & IOT partners



Recurring Subscriptions



- **24/7 Professional Monitoring**
- **Video Cloud Storage**
- **Partner service offerings**

SCT 2020 Update

Numerous multi-billion-dollar partners have been secured. Having invested heavily in the white label business, Scout is capitalizing on its strategic position to provide a less capital intensive path to scale. Existing partners are now generating meaningful recurring monthly revenue (RMR). In 2020, Scout will focus on accelerating pipeline conversion, scaling partner programs and significantly driving up RMR growth.

scout white label

Partners gain a turnkey solution for launching smart home security under their brand and in their channels. White label systems match the Scout software platform with functionally similar, but visually different devices.



White Label: Proven Strategy

Scout has established a strategic position as an independent, DIY platform for its enterprise partners.

Why we white label?

- Maximising use of limited resources: Direct-to-consumer sales are proportional to marketing spend
- White Label partners have built-in, existing user bases and significant marketing budgets

Why our partners have chosen Scout?

- Faster and cheaper route to market
- Low product risk: our system is proven with tens of thousands active
- Leverage a brand in new channels
- Flexible and turnkey
- Unlock new, high-margin recurring revenue streams

White Label

Our white label partners offer branding, global distribution, operational momentum and a loyal customer base that can create an immediate impact at scale. Our partners view Scout as complementary to their core businesses.

Zego has deployed over 8,000 systems. Prosegur and SBD will add meaningfully to scale in the coming years. Additional partners expected.

Prosegur Partnership

Dec. 2018: Prosegur invests AU\$2.9m for 9.22% stake in Scout.

July 2020: License purchased and 1st international market selected.

International rollout terms finalized:

- Grants Prosegur the right to deploy the Scout software and hardware suite across Prosegur's 26 market footprint, starting in 2020
- Prosegur will prepay US\$500k (~AU\$728k) to fund customisation and development work
- First market selected for CY20, with Prosegur being granted exclusivity in certain key markets
- Strategic investment at 27.5c per share in 2018. Prosegur has over 500,000 alarm connections.
- Deal announced July 16th, 2020



Stanley Black & Decker Partnership (“SBD”)

Scout is working towards launch with Stanley Black & Decker (Fortune 500, US\$22B) in 2020, a global leader in electronic security.

SBD is licensing Scout's security platform:

- 5 year, strategic partnership with the 2nd largest electronic security provider in the world
- Grants SBD the right to deploy the Scout software and hardware suite across their brands and security business units globally (non exclusive)
- SBD's unique distribution channels span dealers and thousands of home stores across the USA
- Ongoing development fees are contributing to receipts. \$300,000 prepaid license block received previously. Units deployed in light commercial and working towards a broader rollout.

StanleyBlack&Decker

STANLEY

**BLACK+
DECKER**

DEWALT

CRAFTSMAN

SONITROL
VERIFIED ELECTRONIC SECURITY

AeroScout

**MAC
TOOLS**

LENOX

Zego Partnership

Zego powered by Paylease services 12m multifamily dwelling residents in the USA, processing over US\$15b in payments annually.

Zego is a case study in the power of white label:

- Zego has ordered over 13,000 white label systems, with over 8,000 deployed and generating RMR
- Prepaid US\$250k (~AU\$400k) in April 2020 for monthly service fees as part of updated agreement
- Scout's platform and devices are seamlessly integrated in Zego's resident applications
- Zego's relationship is with property owners and managers, not tenants, resulting in near-zero churn
- This partnership demonstrates the steady scaling of deployments and RMR as new partners are onboarded



Partner Development Pipeline

Scout generated over AU\$1.5m in development fees (unaudited) over the past six months to launch custom partner solutions.

December 2019 quarter highlights the power of the model:

- Engineering team, a cost center, is now revenue generating
- Development fees range from AU\$15,000 - AU\$100,000 per month for custom work, offsetting staff overhead
- Development fees bridge Scout until recurring revenue fully balances the books

Our Pipeline:

- We have developed a robust pipeline of potential development revenue from previously announced and new customers that spans the US and key global markets
- Pipeline spans all stages from inquiry to advanced contract negotiation

2020 Outlook

Home security outperforms during fearful times. Scout's partner pipeline is expanding with partners seeking contactless diversification.

Trends benefitting DIY home security:

- Fear and uncertainty, which we believe are defining trends of 2020, drive sales of home security systems as consumers look to hedge against the unknown.
- In-person services are reeling from COVID-19 distancing requirements and consumer sentiment, which we believe will drive demand for contactless options.
- We believe businesses with consistent recurring monthly revenues are better positioned to navigate the ebbs and flows in consumer discretionary spending

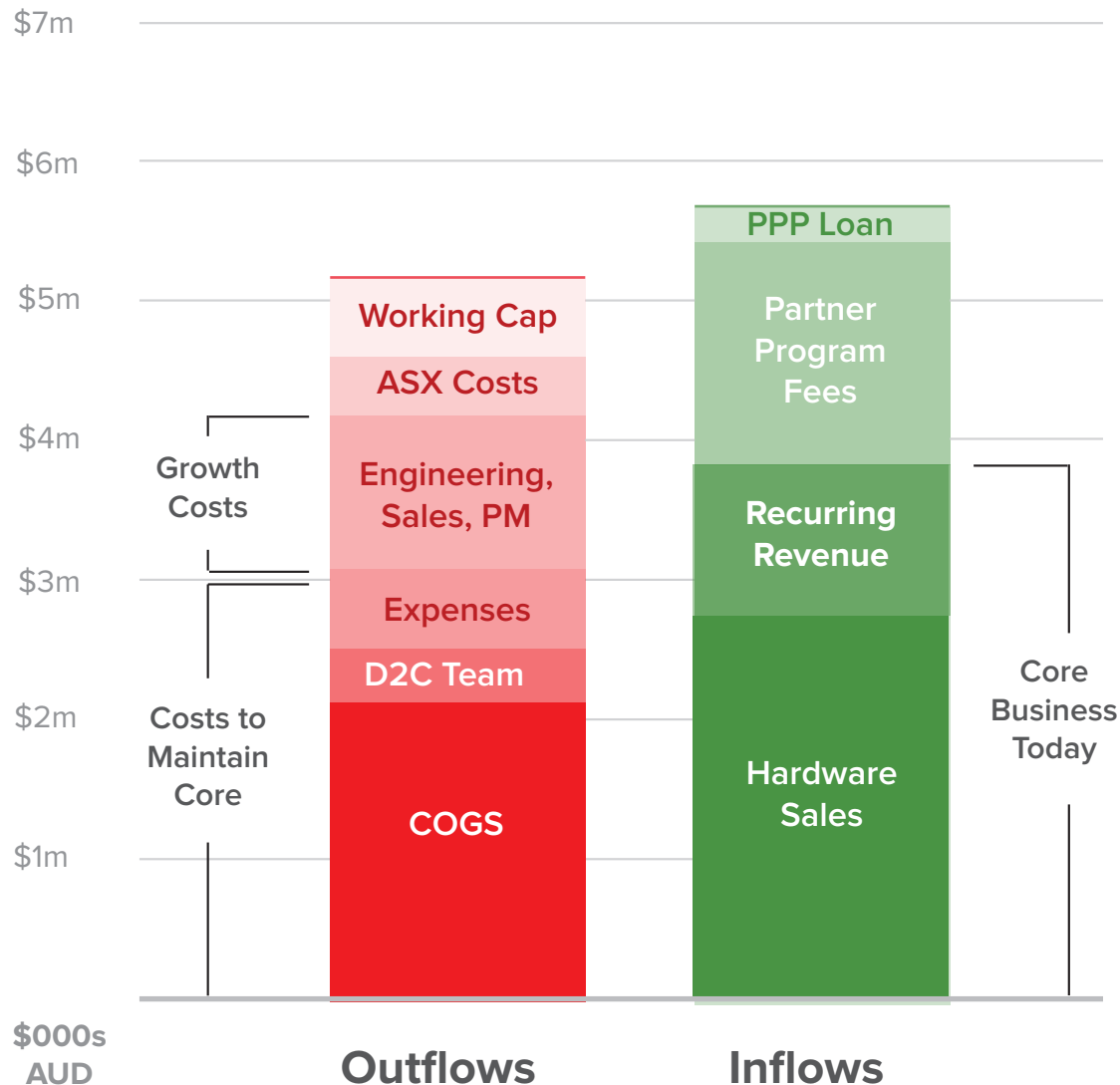
Expectations moving forward:

- Scout anticipates expanded partner interest for self-install throughout 2020.
- Numerous consumer behaviour changes in 2020 have potential staying power. We believe contactless products and services to be among them.

Cashflow Targets

CY20 Target Cash Inflows & Outflows

(\$AUD, projected, includes YTD unaudited cashflows)



Scout will emphasize white label programs to achieve scale, while the direct business generates cash and brand recognition.

Target partner fees to cover net burn. Partners expect to return many multiples of our fees from system sales, highlighting scale potential.

Scout Security Ltd. (ASX: SCT)

Trading Information

ASX Stock Code:	SCT
Share price at 16 July:	\$0.09
Shares on Issue:	119 m
Options:	27.3 m*
Market Cap (pre-options):	\$10.73 m

Key Shareholders

Shareholder	% of Issued Capital
Prosegur	9.22%
Daniel B Roberts (co-founder)	6.66%
David Shapiro (co-founder)	6.50%
Amazon.com Investment	2.29%

Executive Director



Dan Roberts

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

Non-Executive Director



Dave Shapiro

Co-founder, Developer
BSA, Miami of Ohio
Sandbox, JPMorgan

Convertible Note: Pro Forma for issue on 22 July

Facility Size	\$2 million
Initial Instalment (Drawn 22 July 2020)	\$0.75 million
Interest on Drawn Funds	5% p.a.
Options (attached to Notes and paid as fees)	13,400,212
- Exercise Price at 7c. Expire 22 July 2024	

* 21m \$0.30 by 24/08/2020, 500k \$0.30 by 07/12/2020, 6m \$0.40 by 20/12/2020

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Dan Roberts

CEO, Scout Security

investors@scoutalarm.com



Tim Dohrmann

Investor and Media Enquiries

tim@nwrcommunications.com.au