

Scout Security (ASX: SCT) is a white label security-as-a-service platform and product suite powering recurring revenue for some of the largest security, internet service, and telco providers in the world.



ASX RELEASE

25 Aug 2022

Scout Secures Fortune 500 Partner, Lumen Technologies, Inc. (NYSE: LUMN)

Highlights:

- **Scout executes agreement with NYSE-listed Lumen Technologies, Inc. (“Lumen”), a > US\$11bn market cap, full-service US telco with 5 million broadband subscribers and US\$20bn in annual revenue**
- **Program will target a launch under Lumen's brand in first half of CY 2023 following the initial phase of work commencing now**
- **Scout to receive US\$246k (A\$357k) in non-recurring engineering fees, paid across milestones, to support buildout and customisations**
- **Lumen represents the largest addressable subscriber base of any Scout channel partner to-date in its growing US Telco partner group**

Security-as-a-Service platform provider Scout Security Limited ((ASX: SCT), “Scout” or “the Company”) is pleased to advise of the largest expansion in its white label partner group to-date with the signing of a Statement of Work with Lumen Technologies, Inc ((NYSE: LUMN), “Lumen”).

Scout’s medium-term goal is to penetrate 10% of Lumen’s 5 million subscriber base. The achievability of this goal is guided by the rollouts existing internet service provider partners over the past 12 months.

About Lumen

Headquartered in Monroe, Louisiana, Lumen is a US publicly traded, full-service telecommunications company and member of both the S&P 500 and Fortune 500. Lumen offers bundled services including high-speed broadband and fibre internet, entertainment, digital TV, voice and cybersecurity to residential subscribers and multi-tenant buildings. Lumen also provides data, cloud solutions, unified communications and managed services to small, medium and large business, enterprise clients and government agencies.



Agreement Detail

Per the Statement of Work ("SOW"), the parties have agreed upon a smart security platform buildout encompassing all functionality necessary for Lumen to provide home security services, video cloud storage and smart home controls to Lumen subscribers. The solution will leverage existing whole-home WiFi equipment from Lumen, fibre internet, Scout video products and Lumen technology licenses.

Scout expects to launch the smart security and control platform under Lumen's brand in the first half of CY2023. The resulting solution will incorporate Lumen's branding with key system integrations that allow for universal control and centralised billing.

Per the Statement of Work, Lumen will pay US\$246k (A\$357k) for Design, Development and Integration fees to Scout across engineering and testing milestones specified in the SOW, envisioned to span roughly three months.

A commercial launch would see Lumen paying monthly License and Service Fees for each active system over the term of the engagement, which includes the fees for cloud video storage and professional security monitoring provided by Scout.

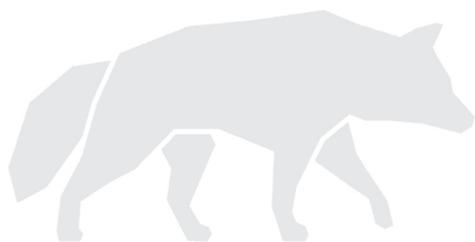
The parties will work together to immediately commence the development and go-to-market implementation of Lumen's custom solution, including mobile apps for iOS and Android as well as mutually identified integration opportunities in the key smart home areas of alarm monitoring, video cloud storage, service integrations and packaging.

Based on historical sales figures of existing US telco partners, Scout is targeting 10% medium-term penetration of Lumen's addressable market of more than 5 million broadband subscribers. Although the Company is unable to forecast potential revenue associated with this agreement, Scout views its relationship with Lumen and its development of the white label channel in the US telco market as strategically significant, advancing Scout towards its goal of exposing the Company's platform, products and services to as many potential customers as possible.

Scout Security CEO Ryan McCall, said:

"Bringing on new partners is a key driver of growth for Scout, both operationally and through increased recurring revenue. We welcome Lumen as a partner and look forward to launching their business into the growing smart home market. Lumen's brand speaks for itself, with over 5 million broadband subscribers across the USA and a Fortune 500 designation. Lumen's brand comes with inherent trust and a large, loyal customer base that we believe will drive healthy adoption of smart home services over time."

"As home phone and voice over IP (VoIP) services continue to slowly fade away, telcos are looking for opportunities to recoup that lost revenue through new product categories that build on their core offering. Our Security-as-a-Service platform relies heavily on connectivity and, as such, we continue to see industry validation that smart security is one of the most compelling extensions of the telco core."



“Lumen represents the second major partner in the strategic telecommunications channel for Scout, and based on the successes we’re seeing with our first US telco partner across the last eleven months, we have good reason to hold a positive outlook for growth in the months and years ahead.”

New Funding Update

The Company is pleased to announce that it has entered into an agreement with an investor group which includes key Scout management personnel and directors of the Company, providing immediate access to a working capital facility of \$175k USD (~\$250k AUD) available in a single tranche.

The key terms of the agreement will see Scout receive the entire facility of USD\$175k upfront, with the facility having a term of two years, and a minimum term of 90 days after which the facility can be repaid in whole or part, on 30 days’ notice, without penalty.

The interest rate will be fixed at 10.0% per annum, calculated and payable quarterly following drawdown. In the event of default by the Company, a default margin of 8.0% will be added. The loan will be secured by a general security deed over the assets and undertakings of Scout Security Ltd.

After conversations with multiple potential financiers, the Company has sourced the best available terms through an investor group which includes CEO Ryan McCall, Chairman Martin Pretty, and Executive Director Dan Roberts. This group has waived all financing fees and origination fees, which would typically amount to approximately 1.5% of the principal provided. The Board has assessed this transaction as being at arm's length as the terms are better for the Company than the prevailing market rate.

The funding provided will bolster Scout's working capital as the Company continues to generate growth in recurring revenue through the US telecommunications sales channel. Furthermore, the Company is in discussion with several parties on securing long term, non-dilutive, funding.

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

For more information, please contact:

Ryan McCall

Chief Executive Officer

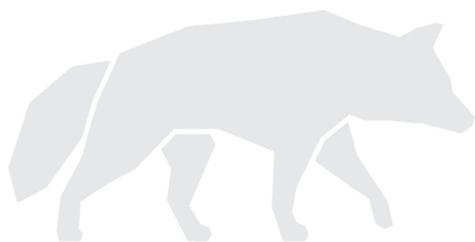
investors@scoutalarm.com

Tim Dohrmann

Investor and Media Enquiries

+61 468 420 846

tim@nwrcommunications.com.au



About Scout Security Limited

Scout Security Limited (ASX: SCT) is a white label security-as-a-service platform and product suite powering recurring revenue for some of the largest security, internet service, and telecommunications providers in the world. Scout's simple and affordable DIY approach puts security within reach for millions of residential homes, small-to-medium businesses and multi-tenant buildings.

Scout was recognized as one of Forbes "Best Home Security Companies of 2022" and was named "Best for Custom Notifications and Alarms" in 2021 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 and Google's Assistant. Scout is also an Amazon Alexa Fund portfolio company.

