

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

7 September 2022

Video Investor Presentation

Security-as-a-Service platform provider Scout Security Limited ((ASX: SCT), "Scout" or "the Company") is pleased to enclose an investor presentation that highlights the Company's recent partnership with Lumen, successful capital raising and business outlook.

To accompany the presentation, Ryan McCall (CEO) and Dan Roberts (Executive Director) have prepared a video investor briefing that can be accessed via the following link:

<https://youtu.be/eIPmBL9veLI>

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

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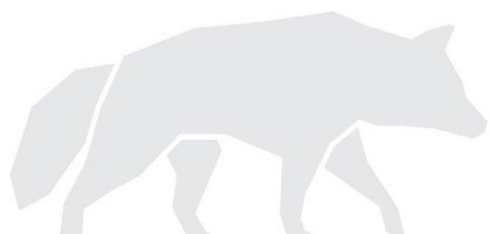
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About Scout Security Limited

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 recognised 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.



GROWTH STEP CHANGE

September 2022



Executive Summary

Landmark partnership with Fortune 500 company, Lumen Inc. (NYSE: LUMN) set to provide **significant step change** to Scout's recurring revenue.

Targeting 10% penetration of Lumen's 5m¹ subscribers, **equating to between \$28.2m and \$45.6m in ARR²** over the medium term.

Proven telco partner model, with Scout generating \$0.6m in ARR³ from new Windstream customers only.

Windstream eCommerce collaboration in development, **opening up Windstream's existing 1.4m⁴, and growing, subscribers.**

Scout has previously received binding purchase orders from Windstream that, once sold to their end customers, **would generate sufficient recurring revenue to Scout to balance monthly cash burn.**

Capital raising to support growth step change.

1, Lumen Q2 2022 investor deck

2. Refer to slide 8 for further information in relation to target ARR

2, June 30 2022 SCT 4C

3 Windstream Q2 2022 CEO Presentation

Scout is a white label security-as-a-service platform and product suite being delivered to the US market via some of the largest security, internet service, and telco providers in the world.

Our simple and affordable DIY approach puts security within reach for millions of residential homes, small-to-medium businesses and multi-tenant buildings.

Generating A\$1.3 million in ARR at June 2022 and growing fast.



Security-as-a Service Solution

Our white label solutions offer best-in-class DIY smart security to consumers via a turnkey partner platform.

Consumers Benefits

- Best-in-class DIY security
- Leading camera platform
- Full remote control and security notifications
- Self-monitor or pro monitor
- 24/7 police, Fire, EMS dispatch

Partner Benefits

- Turnkey, branded new product line
- New high-margin recurring revenue
- Faster, cheaper route to market
- End-to-end engineering, design and customer support
- Robust, customisable, platform

Scout Benefits

- Maximise limited resources by eliminating CAC and payback periods
- Access to built-in, existing users bases and significant marketing budgets



Opportunity Highlights

LARGE & GROWING GLOBAL MARKET

US\$11 billion by 2027
19.6% CAGR ⁽¹⁾

GMD Research estimates that the global DIY Home Security market will grow from US\$3.3 billion today to \$US11 billion by 2027.

ESTABLISHED DISTRIBUTION + MULTIPLE CHANNELS

Key Partners SECURED

Partnerships with major traditional security & telecom providers have opened up both US and international distribution, with more to come.



BUILDING RECURRING REVENUE MODEL

Monthly Plans + HARDWARE & DEVELOPMENT FEES

Monitoring plans + additional services, such as camera cloud storage.

RECOGNISED DIGITAL SECURITY LEADER

Amazon Partner HIGHLY RATED

Launch partner for Amazon Alexa Guard and Alexa Guard Plus. Integrated with all major IOT Platforms.



1, <https://www.researchandmarkets.com/reports/4747565/global-diy-home-security-systems-market-2021-2027#relc0-5302516>

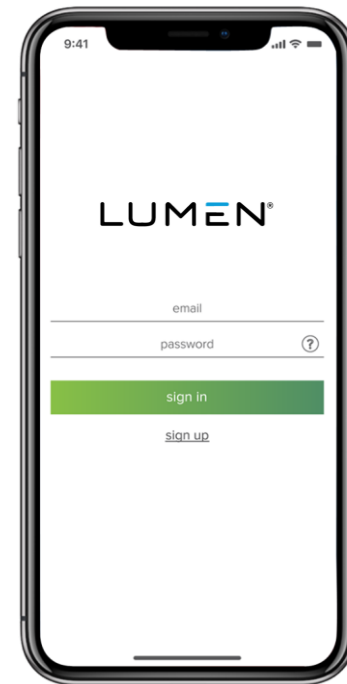
Forbes "Best Home Security Companies of 2022" List

LUMEN PARTNERSHIP TO DELIVER GROWTH STEP CHANGE

Lumen: Our Newest Telco Partner

Scout has signed Fortune 500 company Lumen Inc. (NYSE: LUMN) as its newest telco partner.

- Lumen is a **~US\$20¹ billion revenue** company and has agreed to white label and sell Scout's technologies to deliver smart security to its **5m broadband subscribers**
 - ◆ Scout will initially receive A\$362k² to build the initial offering across 3 months
 - ◆ Expected to launch in 1H CY23, with recurring revenues to follow
 - ◆ Targeting **10% penetration of Lumen's subscriber base**
- The solution for Lumen represents the next generation in home security with no upfront hardware purchase required
 - ◆ Eliminates the main barrier to entry for home security, unlocking increased take rates
 - ◆ Enables an expanded pipeline of internet service providers (ISPs) utilizing the same underlying technologies



Proven Path to Market

Lumen (5m¹ subscribers) joins Windstream (1.4m² subscribers) as the second major partner in the strategic telecommunications channel for Scout.

Scout is targeting to win 0.5m of Lumen's 5m broadband subscribers over the medium term.

Scout significantly exceeded net average revenue per user (ARPU) forecasts, projecting \$7.60 average per month in 2022, initially targeting \$4.70.

This would equate to ARR of between \$28.2m and \$45.6m.

Simplified, single customer, worked example³

Key Assumptions			
Assumed Partner's Customer Base	(a)		5,000,000
Scout's Target Penetration	(b)	10%	500,000
ARPU Range			
		Lower Range	Higher Range
MRR per Customer to Scout	(c)	\$4.70	\$7.60
Potential MRR	(b)x(c)=(d)	\$2,350,000	\$3,800,000
Potential Annualised Recurring Revenue (ARR)	(d)x12	\$28,200,000	\$45,600,000

¹, Lumen Q2 2022 investor deck

², Windstream Q2 2022 CEO presentation

³ All figures in AUD (US\$1.00: AU\$1.34): and approximate; ARR and ARPU was calculated using historic monthly revenue received for other white label partners; the number of customers stated is aspirational in nature and is subject to customer take up of the company's product; the Company cannot guarantee that the monthly revenue per customer will be equal to the assumed value; historic performance should not be relied upon as being indicative of future performance.

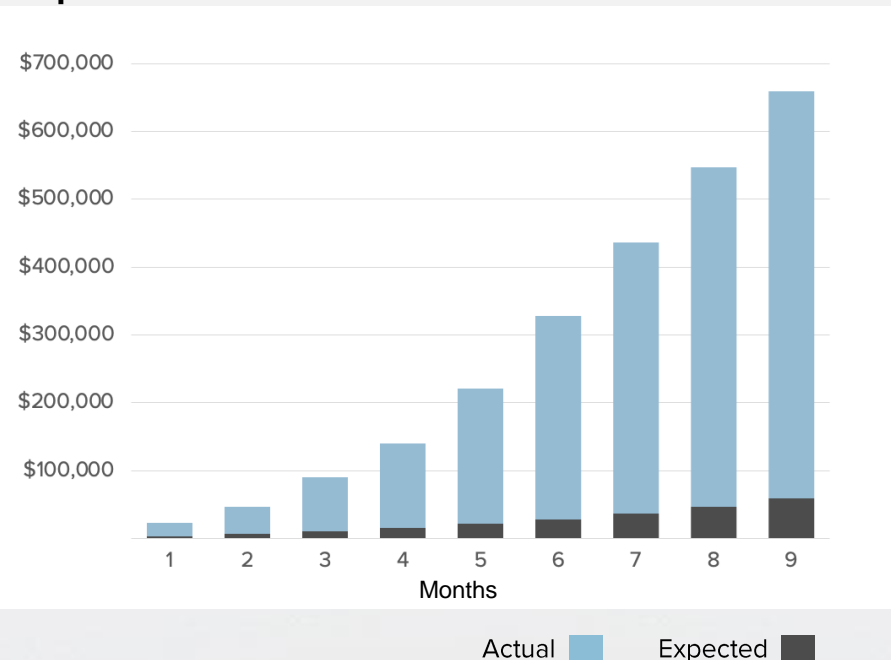
Telco Opportunity in Action

Launched in Sept '21, Windstream is demonstrating the SCT value proposition:

- Sales across 1H CY22 averaged 1,000+ gross sales monthly
- Scout targeting 10%+ of its 1.4¹ million customers in time
- **ARPU 70% higher than projected**
- **Sales outpacing 20% growth in installs since launch**
- Only selling to new ISP customers
- eComm channel to launch in CY22
- Lumen has 3.5 more active subscribers than Windstream

Scout has previously received binding purchase orders from Windstream that, once sold to their end customers, **would generate sufficient recurring revenue to Scout to balance monthly cash burn**

Expected v. Actual Growth in ARR Since Launch



CAPITAL RAISING TO SUPPORT GROWTH

Financing the Growth Ahead

Capital raising of \$2.3m in total to support exciting growth ahead

- \$0.9m single tranche placement, plus \$1.4m rights issue (“Offer”) with firm and binding commitments for \$1.3m of any potential shortfall under the rights issue from professional investors
- 1-for-2 free attaching options under the Offer with an exercise price of \$0.07 (7.0 cps) and an expiry date of 16 July 2024
- Funds raised to be applied towards working capital to support growth
- Board of directors led a \$200k share placement at 8.75c in December 2021 at 3x the last traded price on the ASX

Capital Structure & Use of Funds

Capital structure

	PRE-MONEY	POST-MONEY
OFFER PRICE UNDER THE OFFERS (\$)	\$ 0.03	\$ 0.03
NEW SHARES - PLACEMENT (M)		31.0
NEW SHARES – RIGHTS ISSUE (M)		46.1
SHARES ON ISSUE (M)	153.4	230.5
MARKET CAP (\$Am)	4.6	6.9
CASH (\$Am)	0.2 ¹	2.6 ²
DEBT (\$Am)	1.2 ³	1.2 ³
CONVERTIBLE NOTES (\$Am)	1.6 ⁴	1.6 ⁴
EV (\$Am)	7.1	7.1

In addition, the following securities are on issue:

- 26,300,000 7c options expiring July 2024.
- 900,000 7c options attaching to New Note expiring Jan 2026.
- 5,400,000 10c options expiring- April 2025.
- 1,430,000 13.5c options expiring December 2024.
- 5,501,000 performance shares and rights.

Use of Funds

	VALUE	%
GENERAL WORKING CAPITAL	2.2	95%
COSTS OF THE OFFER	0.1	5%
TOTAL	2.3	100%

Inventory requirements are minor as white label business is on parity NET terms with suppliers and customers.

1. June 30 2022

2. Assuming the maximum raised under the Placement and Rights Issue

3. Assuming USD/AUD of \$0.685

4. Refer to notice of meeting released on 21 January 2022

CORPORATE

Expanded Executive Team

Scout has expanded its team, setting the foundation for growth:

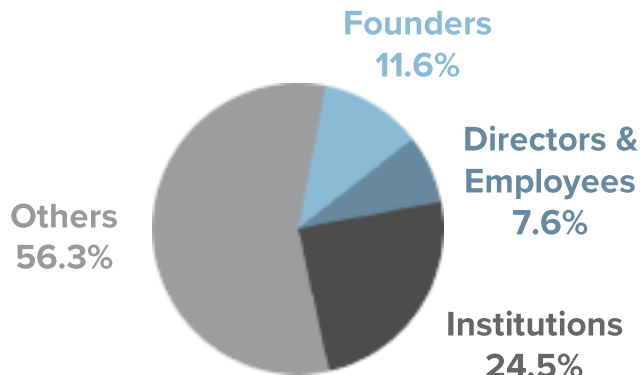
- Ryan McCall appointed CEO in January '22. History of sales scale-ups in B2B. Previously Futuremark's Director Global Sales and Marketing.
- Co-founder Dan Roberts transitioned to Executive Director of Product and Strategy. CEO since 2013 with Design and Strategy background.
- Kevin Brennan joins as full-time COO in April '22 after serving in this capacity on a part-time basis since 2014. Prior experience as GM and CEO.
- Hilari Smith brought on as full-time VP of Accounting in June '22, replacing outsourced accountants and bookkeepers in AUS and the USA.



Corporate Snapshot

KEY SHAREHOLDERS

Shareholders	% of Issued Capital
EGP Capital	9.40%
Prosegur	7.28%
Daniel B Roberts (co-founder)	6.45%
David Shapiro (co-founder)	5.16%
Altor Capital	5.01%
Amazon.com	1.78%



REGISTRY - Aug '22



EXECUTIVE DIRECTOR

Dan Roberts

Co-founder, Designer
MDes, IIT Inst. Of Design
Sandbox, Maya Design



NON-EXECUTIVE DIRECTOR

Martin Pretty

CFA, BA (Hons) Unimelb, GradDipAppFin
Finsia, GAICD
Experienced investment manager and ASX
company director



NON-EXECUTIVE DIRECTOR

Dave Shapiro

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



NON-EXECUTIVE DIRECTOR

Anthony Brown

GAICD
Experienced electronic security industry leader



NON-EXECUTIVE DIRECTOR

Solomon Majteles

LLB WA, FAICD
Commercial lawyer and experienced ASX
company director

OUTLOOK

Next 12 Months

Scout scaling and poised for significant growth in FY23.

- **Lumen** the latest white label partner to join Scout-powered family, adding 5m¹ households to our potential customer base
- **Windstream eComm launch Q4 2022**, adding 1.4m² existing customer households to our potential customer base
- **B2B2C camera program launched** to drive additional MRR and hardware revenue
- Placement and non-dilutive facility to **solve growth financing**
- **New CEO, COO, and VP of Accounting** on board in FY22 to drive scale

*1, Lumen Q2 2022 investor deck
2, Windstream Q2 2022 CEO presentation*



Opportunities Ahead

Next generation WiFi technology removes hardware purchase barrier for Scout subscription services

- Routers and WiFi6 devices, now being deployed by telcos, can be used by Scout to detect motion in homes
- Low-cost Scout HD cameras and 24/7 monitoring are low-cost MRR services that augment WiFi motion sensing
- Using WiFi sensing, users get a “light” home security system that can be built up over time - a reframe of the entire industry and impacting millions globally
- **Over 3,000 ISPs, representing millions of households, can leverage our next gen WiFi approach**



scout 



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Graphic Design 1928–1988