

SCOUT SECURITY LIMITED
ACN 615 321 189

ENTITLEMENT ISSUE PROSPECTUS

This Prospectus is for a pro-rata non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.03 per Share together with one (1) free New Option for every two (2) Shares applied for and issued to raise up to \$1,370,460 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 15 September 2022 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your

financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or

to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

For further information on overseas Shareholders please refer to Section 2.10.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of New Options issued under this Prospectus. The Company and the Lead Manager will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website www.scoutalarm.com. By making an application under the Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.scoutalarm.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on 1-844-287-2688 during office hours or by emailing the Company at investors@scoutalarm.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would

contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Eastern Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office,

authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Company Secretary on 1-844-287-2688.

CORPORATE DIRECTORY

Directors

Daniel Roberts
Executive Director

Martin Pretty
Non-executive Chairman

David Shapiro
Non-executive Director

Anthony Brown
Non-executive Director

Solomon Majteles
Non-executive Director

Company Secretary

Kim Clark

ASX Code

SCT

Registered Office - Australia

Level 12
225 George Street
SYDNEY NSW 2000

Email: investors@scoutalarm.com
Website: www.scoutalarm.com

Registered Office – United States

210 North Racine Avenue
Unit 2N, Chicago, IL 60607
United States of America

Telephone: 1-844-287-2688

Auditor*

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
SUBIACO WA 6008

Share Registry*

Advanced Share Registry Limited
110 Stirling Highway
NEDLANDS WA 6009

Telephone: 1300 113 258 (within Australia)
+61 (0)8 9389 8033 (International)

Facsimile: +61 8 9262 3723

Email: admin@advancedshare.com.au

Legal Advisers

Steinepreis Paganin Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Lead Manager

Sequoia Corporate Finance Pty Ltd
Level 7
7 Macquarie Place
SYDNEY NSW 2000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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1. KEY OFFER INFORMATION

1.1 Timetable

Announcement of Offer and Placement & Appendix 3B	Wednesday, 7 September 2022
Lodgement of Prospectus with the ASIC and ASX (prior to the commencement of trading)	Thursday, 15 September 2022
'Ex' date	Friday, 23 September 2022
Record Date (date for determining entitlements of Eligible Shareholders to participate in Offer)	Monday 26 September 2022
Prospectus sent to Shareholders	Tuesday 27 September 2022
Last day to extend the Closing Date	Monday 3 October 2022
Closing Date as at 5:00pm*	Thursday 6 October 2022
Announce results of Rights issue	Friday 7 October 2022
Trading in Securities commences on a deferred settlement basis	Friday 7 October 2022
Notification of Shortfall	10am Tuesday 11 October 2022
Issue date	Tuesday 11 October 2022
Quotation of new Shares under Rights Issue	Thursday 13 October 2022
Placement of Shortfall Securities and settlement of proceeds	Friday 14 October 2022

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Securities are expected to commence trading on ASX may vary.

1.2 Key statistics of the Offer

Pro-forma Capital structure

	Maximum Subscription (\$1,370,460)¹
Offer Price per Share	\$0.03
Entitlement Ratio (based on existing Shares)	1:4
Shares currently on issue	182,727,984
Shares to be issued under the Offer	45,681,996
Shares to be issued under the Placement ³	1,666,666
Gross proceeds of the issue of Shares	\$1,370,460
Shares on issue Post-Offer	230,076,646

Notes:

1. Assuming the Maximum Subscription of \$1,370,460 is achieved under the Offer.
2. Refer to Section 4.1 for the terms of the Shares.
3. The issue of 1,666,666 Shares to Martin Pretty under the Placement is subject to Shareholder approval.

Options

	Maximum Subscription (\$1,370,460)¹
Offer Price per New Option	Nil
Option Entitlement Ratio (based on Shares subscribed for)	1:2
Options currently on issue	33,990,614
New Options to be issued under the Placement ²	15,500,000
Options to be issued to the Lead Manager ³	2,300,460
New Options to be issued under the Offer ⁴	22,840,998
Gross proceeds of the issue of Options	Nil
Options on issue Post-Offer	74,632,072

Notes:

1. Assuming the Maximum Subscription of \$1,370,460 is achieved under the Offer.
2. The issue of the New Options under the Placement is subject to Shareholder approval.
3. The issue of the Options to the Lead Manager is subject to Shareholder approval.
4. Refer to Section 4.2 for the terms of the New Options.

1.3 Background to the Offer and Placement**Placement**

On 7 September 2022, the Company announced it had completed a placement (**Placement**) to sophisticated and professional investors to raise \$930,000 via the issue of 31,000,000 Shares at an issue price of \$0.03 per Share (**Placement Shares**), together with one (1) free attaching New Option for every two (2) Shares applied for and issued, exercisable at \$0.07 per Option and expiring on 16 July 2024 (**Placement Options**). The Placement Options will be issued subject to Shareholder approval.

Placement participants are entitled to participate in the Offer as the Placement Shares were issued before the Record Date of the Offer.

Further details in respect to the Placement are set out in Section 2.2 and in the ASX Announcement released by the Company on 7 September 2022.

Offer

The Offer is being made as a pro-rata non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by Shareholders registered at the Record Date at an issue price of \$0.03 per Share together with one (1) New

Option for every two (2) Shares subscribed for and issued. Fractional entitlements will be rounded down to the nearest whole number.

Further details in respect to the Offer are set out in Section 2.1.

1.4 Key Risk Factors

Prospective investors should be aware that subscribing for Securities involves a number of risks and an investment in the Company should be considered as highly speculative. The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in Section 5.

The predominant risks relating to the Company and the Offer are summarised below:

Risk	Description	Further Information
Going Concern	<p>The Company's financial report for the year ended 30 June 2021 (Financial Report) includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.</p> <p>Notwithstanding the 'going concern' qualification included in the Financial Report, the Directors believe that upon the successful completion of the Offer and the Placement, the Company will have sufficient funds to adequately meet the Company's current commitments and short term working capital requirements.</p> <p>In the event that the Offer and the Placement are not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern which is likely to have a material adverse effect on the Company's activities.</p>	Section 5.2
Manufacturing risks in China	There is the potential that the Company could experience manufacturing difficulties due to international circumstances that are out of their control. If the Company uses a single or limited number of suppliers, they may be at risk of shortage, price increases, changes, delay, or discontinuation of key components, which could disrupt and adversely affect their business.	Section 5.2
International Operations	The Company's operations are subject to a number of risks inherent in global operations. Additionally, operating an international	Section 5.2

Risk	Description	Further Information
	business with a sales force managed from Australia and with distributorships and sales in a number of legal jurisdictions necessarily requires substantial input from a variety of legal counsel and exposes the Company to legal costs that may be disproportionately high relative to its revenues, and will be incurred regardless of whether the Company derives revenues from a given jurisdiction or at all.	
Supply	The Company may experience delivery delays if its contract manufacturer fails to deliver products. The Company's products are manufactured by one contract manufacturer. There is a risk with working with only one manufacturer, in that termination of the agreement to produce will temporarily halt all deliveries until resolved or a new agreement is made with another manufacturer.	Section 5.2
Foreign exchange	The Company operates in a variety of jurisdictions and, as such, expects to generate revenue and incur costs and expenses in more than one currency. Consequently, movements in currency exchange rates may adversely or beneficially affect the Company's results or operations and cash flows.	Section 5.2
Product liability	Adverse events could expose the Company to product liability claims or litigation, resulting in the removal of regulatory approval for the relevant products and/or monetary damages being awarded against the Company.	Section 5.3
Protection of Intellectual Property Rights	The commercial value of the Company's intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products.	Section 5.3
Data loss, theft or corruption	Exploitation or hacking of any of the Company's systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any	Section 5.3

Risk	Description	Further Information
	type of 'cyber' crime, its technology may be perceived as unsecure which may lead to a decrease in the number of customers.	

1.5 Directors' Interests in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Options	Performance Shares	Convertible Notes ⁶	Share Entitlement	New Option Entitlement	\$
Sol Majteles	1,457,143	Nil	Nil	Nil	364,285	182,142	10,929
David Shapiro	7,919,291	Nil	Nil	Nil	1,979,822	989,911	59,395
Daniel Roberts	9,900,541	Nil	4,500,000	Nil	2,475,135	1,237,567	74,254
Martin Pretty ¹	2,523,101	1,550,086 ²	Nil	92,500 ⁴	630,775	315,387	18,923
Anthony Brown	4,537,699	682,543 ³	Nil	56,250 ⁵	1,134,424	567,212	34,033

Notes:

- Martin Pretty participated in the Placement, and subject to Shareholder approval will be issued an additional 1,666,666 Shares and 833,333 New Options.
- Comprising the following:
 - 1,490,086 unquoted Options exercisable at \$0.07 each on or before 16 July 2024; and
 - 60,000 unquoted Options exercisable at \$0.07 each on or before 18 March 2025.
- Comprising the following:
 - 632,543 unquoted Options exercisable at \$0.07 each on or before 16 July 2024; and
 - 50,000 unquoted Options exercisable at \$0.07 each on or before 18 March 2025.
- 92,500 Convertible Notes with a face value of \$1.00 per Convertible Note and a maturity date of 16 July 2024.
- 56,250 Convertible Notes with a face value of \$1.00 per Convertible Note and a maturity date of 31 December 2023.
- The Company notes that the conversion price of the Convertible Notes will reduce to \$0.03 as a result of the Placement and the Offer.

The Board recommends all Shareholders take up their Entitlements. The Directors reserve the right to take up their respective Entitlement in whole or in part at their discretion.

1.6 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Daniel Roberts	9,900,541	5.42%
EGP Capital Pty Ltd	14,420,000	7.89%

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

1.7 Lead Manager

Sequoia Corporate Finance Pty Ltd (AFSL 472387) (**Lead Manager**) has been appointed as the lead manager of the Placement and the Offer. Terms of the lead manager mandate and total fees payable are set out in Section 6.4 below.

Equitable Investors Pty Ltd (AFSL 505824), an associate of Martin Pretty, will receive directly from the Lead Manager 3% (plus GST) of the total amount of cash of funds raised by Equitable Investors Pty Ltd under the Offer. Further details of the fees payable to Equitable Investors Pty Ltd are set out in Section 6.5 below.

1.8 Effect on Control

Based on current shareholding and Entitlements of Shareholders (including substantial Shareholders) as at the date of this Prospectus, regardless of the amount raised under the Offer, no Shareholder will increase their holding, to an amount in excess of 19.9% through applying for their Entitlements.

Further as set out in Section 2.7, on the basis of the allocation policy, no person will acquire, through participation in the Shortfall Offer a holding of Shares of, or increase their holding to, an amount in excess of 19.9% of all the Shares on issue on completion of the Offer.

Further there will be no change to any Shareholder's voting power as a result of the issue of the New Options. Where New Options are exercised into Shares, the voting power of the Shareholders who exercise the New Options will increase. The likelihood of New Options being exercised is dependent on the price of Shares from time to time until the New Options expire.

1.9 Potential dilution on non-participating Shareholders

In addition to potential control impacts set out in Section 1.8, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

No immediate dilution will occur as a result of the issue of New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offer, are likely to be diluted by an aggregate of approximately 27.93% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

For illustrative purposes, the table below shows how the dilution may impact the holdings of Shareholders:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	5.47%	2,500,000	10,000,000	4.34%
Shareholder 2	5,000,000	2.74%	1,250,000	5,000,000	2.17%
Shareholder 3	1,500,000	0.82%	375,000	1,500,000	0.65%
Shareholder 4	400,000	0.22%	100,000	400,000	0.17%
Shareholder 5	50,000	0.03%	12,500	50,000	0.02%

Notes:

1. This is based on a share capital of 182,727,984 Shares as at the date of the Prospectus and assumes no Options currently on issue or other Shares are issued including New Options or Performance Rights are exercised.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

2. DETAILS OF THE OFFER

2.1 The Offer

The Offer is being made as a pro-rata non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by Shareholders registered at the Record Date at an issue price of \$0.03 per Share together with one (1) New Option for every two (2) Shares subscribed for and issued. Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no Shares are issued prior to the Record Date including on exercise or conversion of Securities on issue) approximately 45,681,996 Shares and 22,840,998 New Options may be issued under the Offer to raise up to \$1,370,460. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 33,990,614 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 3.3 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares. The New Options will be exercisable at \$0.07 on or before 16 July 2024 and otherwise on the terms set out in Section 4.2.

The purpose of the Offer and the intended use of funds raised are set out in Section 3.

2.2 Placement

As detailed in Section 1.3 above, on 14 September 2022 the Company issued 29,333,334 Placement Shares to sophisticated and professional investors.

The Placement Shares were issued without an accompanying disclosure document under the applicable exemptions in sections 708(8) and 708(11) of the Corporations Act.

Martin Pretty, a Director of the Company subscribed for a total of 1,666,666 Shares under the Placement, the issue of the Shares to Martin Pretty is subject to Shareholder approval.

As detailed in Section 1.3 above, the issue of the 15,500,000 Placement Options is subject to Shareholder approval.

2.3 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form which can be accessed at <https://www.advancedshare.com.au/Investor-Login>. Eligible Shareholders may choose any of the options set out in the table below.

Option	Key Considerations	For more information
Take up all of your	<ul style="list-style-type: none">Should you wish to accept all of your Entitlement, then your application for Securities	Section 2.4 and

Option	Key Considerations	For more information
Entitlement	<p>under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which can be accessed at https://www.advancedshare.com.au/Investor-Login. Please read the instructions carefully.</p> <ul style="list-style-type: none"> • Payment can be made by the methods set out in Section 2.4. As set out in Section 2.4, if you pay by BPAY, you do not need to return the Entitlement and Acceptance Form. 	Section 2.5.
Take up all of your Entitlement and also apply for Shortfall Securities	<ul style="list-style-type: none"> • Should you wish to accept all of your Entitlement and apply for Shortfall Securities, then your application for your Entitlement and additional Shortfall Securities under this Prospectus must be made by following the instructions on your personalised Entitlement and Acceptance Form which can be accessed at https://www.advancedshare.com.au/Investor-Login. Please read the instructions carefully. • Payment can be made by the methods set out in Section 2.4. Payment should be made for your Entitlement and the amount of the Shortfall for which you are applying. • If you apply for Shortfall Securities beyond your Entitlement you are deemed to have accepted your Entitlement in full. You should note that the allocation of Shortfall Securities is at the Company's absolute discretion as per the allocation policy set out in Section 2.7. Accordingly, your application for additional Shortfall Securities may be scaled-back. • The Company's decision on the number of Shortfall Securities to be allocated to you will be final. 	Sections 2.4, 2.5 and 2.7.
Take up a proportion of your Entitlement and allow the balance to lapse	<ul style="list-style-type: none"> • If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which can be accessed at https://www.advancedshare.com.au/Investor-Login for the number of Securities you wish to take up and making payment using the methods set out in Section 2.4 below. As set out in Section 2.4, if you pay by BPAY you do not need to return the Entitlement and Acceptance Form. 	Sections 2.4 and 2.5.

Option	Key Considerations	For more information
Allow all or part of your Entitlement to lapse	<ul style="list-style-type: none"> If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the Closing Date, the Offer to you will lapse. 	N/A

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

2.4 Payment options

(a) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5pm (EST) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

Guidance where you have more than one CRN (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

(b) By Electronic Funds Transfer (overseas applicants)

For payment by Electronic Funds Transfer (**EFT**) for overseas Eligible Shareholders, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

2.5 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any application monies, the application may not be varied or withdrawn except as required by law.

2.6 Minimum subscription

There is no minimum subscription.

2.7 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer (**Shortfall Securities**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.03 being the price at which Shares have been offered under the Offer.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

Eligible Shareholders who wish to subscribe for Securities above their Entitlement are invited to apply for Shortfall Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities in accordance with Section 2.4.

The Lead Manager has received firm commitments of \$1,080,000 in respect of the Shortfall Securities.

The Board presently intends to allocate Shortfall Securities as follows:

- (a) to Eligible Shareholders who apply for an excess of their full Entitlement, so long as the issue of Shortfall Securities to that Eligible Shareholder would not take their voting power to in excess of 19.99%;
- (b) to other parties identified by the Directors, which may include parties who are not currently Shareholders; and then
- (c) to investors that have made firm commitments to the Lead Manager that they will take up a portion of the Shortfall Offer.

No Shortfall Securities will be issued to a party under the Shortfall Offer if the effect would be to increase that party's voting power in the Company to an amount greater than 19.99%.

The Company reserves the right to issue an Eligible Shareholder a lesser number of Shortfall Securities than applied for or no Shortfall Securities at all. However, the Directors do not intend to refuse an application for Shortfall Securities from Eligible Shareholders other than in circumstances of oversubscription or where acceptance may result in a breach of the Corporations Act. If the number of Shortfall Securities applied for by Eligible Shareholders exceeds the total Shortfall, the Shortfall Securities will be allocated among applying Eligible Shareholders proportionate to their existing holdings.

All decisions regarding the allocation of Shortfall Securities will be made by the Directors in conjunction with the Lead Manager and will be final and binding on all applicants under the Shortfall Offer; as such there is no guarantee that any Shortfall Securities applied for will be issued to Eligible Shareholders.

The Company will have no liability to any applicant who receives less than the number of Shortfall Securities they applied for under the Shortfall Offer. If the Company scales back any applications for Shortfall Securities under the Shortfall Offer any application monies will be returned (without interest) as soon as practicable.

Eligible Shareholders resident in jurisdictions outside Australia should note that their participation in the Shortfall Offer may be restricted by Australia's foreign investment laws. The Company reserves the right to not issue Shortfall Shares to an Eligible Shareholder where it reasonably believes that doing so may infringe on Australia's foreign investment laws.

2.8 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

The Company will not apply for Official Quotation of the New Options issued pursuant to this Prospectus.

2.9 Issue of Securities

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at Section 1.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed as soon as practicable after the issue of Securities and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

2.10 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

The offer of Securities to New Zealand investors is a regulated offer made under Australian and New Zealand law. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets' regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the offer

The purpose of the Offer is to raise up to \$1,370,460 before costs.

The funds raised from the Offer and the Placement are intended to be applied in accordance with the table set out below:

Item	Proceeds of the Offer	Maximum Subscription (\$)	%
1.	Working capital ¹	2,121,473	92.2
2.	Expenses of the Offer and Placement ²	178,987	7.8
	Total	2,300,460	100.00

Notes:

1. Funds allocated to working capital are to be applied to ongoing operations costs, including rent, service providers and employee costs in connection with the roll-out of the Company's white label partnership with Lumen Technologies Inc.
2. Including a fee of 6% payable in respect of funds raised under the Placement and the Offer. Refer to Section 6.8 for further details relating to the estimated expenses of the Offer.

On completion of the Offer and the Placement, the Board believes the Company will have sufficient working capital to achieve its stated objectives. In the event the Offer is not fully subscribed, operational objectives are likely to be modified, which may result in delay or substantial changes to the Company's future plans.

In addition, it should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its business activities and operations.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3.2 Effect of the Offer

The principal effect of the Offer and the Placement (including the Options to be issued to the Lead Manager), assuming all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, will be to:

- (a) increase the cash reserves by \$2,121,473 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer and the Placement;
- (b) increase the number of Shares on issue from 182,727,984 as at the date of this Prospectus to 230,076,646 Shares; and

- (c) increase the number of Options on issue from 33,990,614 as at the date of this Prospectus to 74,632,072 Options.

3.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	182,727,984
Shares offered pursuant to the Offer	45,681,996
Shares to be issued under the Placement ¹	1,666,666
Total Shares on issue after completion of the Offer	230,076,646

Notes:

- The issue of 1,666,666 Shares to Martin Pretty under the Placement is subject to Shareholder approval.

Options

	Number
Options currently on issue ¹	33,990,614
New Options to be issued under the Placement ²	15,500,000
Options to be issued to the Lead Manager ³	2,300,460
New Options to be issued pursuant to the Offer ⁴	22,840,998
Total Options on issue after completion of the Offer	74,632,072

Notes:

- Comprising the following:
 - 26,257,358 unquoted Options exercisable at \$0.07 each on or before 16 July 2024;
 - 1,433,256 unquoted Options exercisable at \$0.135 each on or before 31 December 2024;
 - 5,400,000 unquoted Options exercisable at \$0.10 each on or before 21 April 2025; and
 - 900,000 unquoted Options exercisable at \$0.07 each on or before 18 March 2025.
- The issue of the New Options under the Placement is subject to Shareholder approval.
- The issue of the Options to the Lead Manager is subject to Shareholder approval.
- Refer to Section 4.2 for the terms of the New Options.

Performance Rights

	Number
Performance Rights currently on issue	1,014,660
Performance Rights offered pursuant to the Offer	Nil

	Number
Total Performance Rights on issue after completion of the Offer	1,014,660

Performance Shares

	Number
Performance Shares currently on issue	4,500,000
Performance Shares offered pursuant to the Offer	Nil
Total Performance Shares on issue after completion of the Offer	4,500,000

The capital structure on a fully diluted basis as at the date of this Prospectus would be 222,233,258 Shares and on completion of the Offer, Placement and the issue of the Options to the Lead Manager (assuming all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date) would be 310,223,378 Shares.

No Shares, Options, Performance Rights or Performance Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.4 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2022 and the unaudited pro-forma balance sheet as at 30 June 2022 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options or convertible securities are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED 30 June 2022	PROFORMA Maximum Raise
	\$	\$
CURRENT ASSETS		
Cash	236,863	2,358,336
Trade & other receivables	505,504	505,504
Inventories	475,378	475,378
Other current assets	45,607	45,607
TOTAL CURRENT ASSETS	1,263,352	3,384,825

	UNAUDITED	PROFORMA
	30 June 2022	Maximum Raise
	\$	\$
NON-CURRENT ASSETS		
Financial assets	694,046	694,046
TOTAL NON-CURRENT ASSETS	694,046	694,046
TOTAL ASSETS	1,957,398	4,078,871
CURRENT LIABILITIES		
Trade & other payables	(1,550,252)	(1,550,252)
Borrowings	(422,812)	(422,812)
Unearned revenues	(148,132)	(148,132)
TOTAL CURRENT LIABILITIES	(2,121,196)	(2,121,196)
NON-CURRENT LIABILITIES		
Borrowings	(1,883,167)	(1,883,167)
Financial liabilities	(384,375)	(384,375)
TOTAL NON-CURRENT LIABILITIES	(2,267,542)	(2,267,542)
TOTAL LIABILITIES	(4,388,738)	(4,388,738)
NET ASSETS (LIABILITIES)	(2,431,340)	(309,867)
EQUITY		
Contributed equity	16,065,022	18,239,406
Accumulated losses	(24,114,957)	(24,114,957)
Reserves	5,618,595	5,565,684
TOTAL EQUITY	(2,431,340)	(309,867)

Notes:

1. The pro-forma balance sheet has been prepared assuming:
 - (a) the issue of 31,000,000 Shares and 15,500,000 free attaching New Options pursuant to Placement raising gross proceeds of \$930,000;
 - (b) the issue of 45,681,996 Shares and 22,840,998 free attaching New Options pursuant to the Offer, raising gross proceeds of \$1,370,460;
 - (c) the payment of a 6% management fee to the Lead Manager in respect of the Placement and the Offer;

- (d) the issue of issue of 2,300,460 Options to the Lead Manager; and
- (e) the estimated aggregate costs of the Offer total \$40,959 (excluding the Lead Manager fees).

4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

4.1 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.2 Terms of New Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one (1) Share upon exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option will be \$0.07 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (EST) on 16 July 2024 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment

of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(k) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(l) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

5. RISK FACTORS

5.1 Introduction

The Securities offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 Company specific

Risk Category	Risk
Potential dilution for	<p>Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).</p> <p>No immediate dilution will occur as a result of the issue of New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offer, are likely to be diluted by an aggregate of approximately 27.3% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).</p> <p>It is not possible to predict what the value of the Company, a Share or an Option will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.</p>

Risk Category	Risk
	<p>The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.034 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.</p>
<p>Additional requirements for capital</p>	<p>The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer and the Placement. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.</p>
<p>Going Concern</p>	<p>The Company's Financial Report includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.</p> <p>Notwithstanding the 'going concern' qualification included in the Financial Report, the Directors believe that upon the successful completion of the Offer and the Placement, the Company will have sufficient funds to adequately meet the Company's current commitments and short term working capital requirements.</p> <p>In the event that the Offer and the Placement are not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern which is likely to have a material adverse effect on the Company's activities.</p>
<p>Coronavirus (COVID-19)</p>	<p>The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.</p> <p>The COVID-19 pandemic may also give rise to issues, delays or restrictions in product processing and packaging and the Company's ability to deliver products to customers, which may result in cost increases or adverse impacts on sales. In addition, the effects of COVID-19 on the Company's Share price and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in</p>

Risk Category	Risk
	<p>turn cause dilution to Shareholders.</p> <p>The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.</p>
<p>Market presence and economies of scale</p>	<p>Traditional home security providers maintain broad market presence and economies of scale not accessible for smaller players such as the Company. Further, existing companies that engage in the home security business, or are within the IOT space, could introduce new or enhance existing products. If a larger, better funded company markets or creates a comparable product at a lower price point, the Company may have to reduce prices to remain competitive or could be priced out of the market. This could potentially negatively impact the Company's growth.</p>
<p>Market segments</p>	<p>The Company is targeting a new segment within the home security market, which introduces unknowns, such as potential downward impacts to expected attach rates, retention rates, and customer adoption. The Company may also not have accurately forecasted demand for its product in this market segment, given the unknowns of new market segments.</p>
<p>Manufacturing risks in China</p>	<p>The Company manufactures its product internationally in China. There is the potential that the Company could experience manufacturing difficulties due to international circumstances that are out of their control. If the Company uses a single or limited number of suppliers, they may be at risk of shortage, price increases, changes, delay, or discontinuation of key components, which could disrupt and adversely affect their business. The Company maintains a small inventory and may have difficulty meeting demand if they have any manufacturing or supply chain issues.</p>
<p>Seasonality risk</p>	<p>The Company's operations and revenue experience some seasonality. The winter holiday season is its busiest period, specifically November. Quarterly results may vary, and are not necessarily an indication of future performance. The seasonality of the Company's revenue and operations could exacerbate fluctuations due to other factors, including costs of expansion, upgrades to systems and infrastructure, or changes in business or macroeconomic conditions.</p>
<p>Competition risk</p>	<p>White label, low price, home security hardware is available to potential competitors. The Company will need to continue to differentiate itself on the hardware front over time. It may prove difficult for the Company to establish itself as a well-known brand in the competitive IOT space, and the product may be in a market where customers will not have brand loyalty. If competitors develop equal or better products, the Company may be</p>

Risk Category	Risk
	<p>forced to compete on a pricing basis, which could negatively affect its revenue.</p>
<p>International operations</p>	<p>The Company does not currently have distributor relationships in countries outside of the USA (and Canada in relation to its monitoring services), but expects to do business internationally at a later date. The Company's operations will therefore be subject to a number of risks inherent in global operations, including political and economic instability in foreign markets, inconsistent product regulation by foreign agencies or governments, imposition of product tariffs and burdens, cost of complying with a wide variety of international and U.S. export laws and regulatory requirements (including the U.S. Foreign Corrupt Practices Act, the U.S. Export Administration Act and the U.S. Arms Export Control Act (and the regulations promulgated thereunder)), risks stemming from the Company's lack of local business experience in specific foreign countries, foreign currency fluctuations, difficulty in enforcing intellectual property rights, foreign taxes, and language and other cultural barriers. Additionally, operating an international business with a sales force managed from Australia and with distributorships and sales in a number of legal jurisdictions will necessarily require substantial input from a variety of legal counsel and expose the Company to legal costs that may be disproportionately high relative to its revenues, and will be incurred regardless of whether the Company derives revenues from a given jurisdiction or at all.</p>
<p>Strategies</p>	<p>There are no limits on strategies that the Company may pursue. The strategy discussed in this Prospectus may evolve over time due to, among other things, market developments and trends, technical challenges, the emergence of new or enhanced technology, changing regulation and/or industry practice, and otherwise in the Company's sole discretion. As a result, the strategy, approaches, markets and products described in this Prospectus may not reflect the strategies, approaches, markets and products relevant to, or pursued by, the Company at a later date.</p> <p>Further, a change in strategy may involve material and as yet unanticipated risks, as well as a high degree of risk, including a higher degree of risk than the Company's strategy in place as of the date hereof.</p>
<p>Supply</p>	<p>The Company may experience delivery delays if its contract manufacturer fails to deliver products. The Company's products are manufactured by one contract manufacturer. Any operational issues that the manufacturer incurs may affect the delivery of the products. The Company depends on the manufacturer to adjust operations accordingly with demand of the products to ensure no back log in production. There is</p>

Risk Category	Risk
	also a risk with working with only one manufacturer, in that termination of the agreement to produce will temporarily halt all deliveries until resolved or a new agreement is made with another manufacture.
Dependence on re-seller contracts	The Company depends on a number of contracts with resellers. These contracts include termination rights whereby either party may terminate with 30-60 days' notice to the other party. In the event of insolvency of either party, the reseller agreements are able to be terminated immediately. The consequences of breach or termination of any of these contracts could, although unlikely, have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the Company's payment obligations in relation to the Company's products sold under the reseller contracts will not cease with the termination of these reseller contracts and the Company will be required to continue to comply with those obligations. The Company has entered into and may enter into other agreements with various parties in relation to the Company's business. In such cases, there is the risk that parties may default on their obligations, which may in turn necessitate the termination of the contract or legal action. Although unlikely, this may result in financial loss for the Company. In most, if not all, cases, the contracts that the Company has entered into may be governed in jurisdictions outside Australia. It may be more difficult to resolve disputes in such jurisdictions than it would be under Australian law. As such, the Company cannot ensure that an appropriate legal resolution will be achieved.
Loss of Customers	The Company has established important customer relationships through development of the technologies. The loss of one or more customers through termination or expiry of contracts may, although unlikely, adversely affect the operating results of the Company.
Foreign exchange	The Company operates in a variety of jurisdictions, including the United States of America and Australia, and as such, generates revenue and incur costs and expenses in more than one currency. Consequently, movements in currency exchange rates may adversely or beneficially affect the Company's results or operations and cash flows. For example, the appreciation or depreciation of the US dollar relative to the Australian dollar would result in a foreign currency loss or gain. Any depreciation of currencies in foreign jurisdictions in which the Company operates may result in lower than anticipated revenue, profit and earnings of the Company.

5.3 Industry specific

Risk Category	Risk
Product liability	As with all new products, even after the granting of regulatory approval, there is no assurance that unforeseen adverse events or manufacturing defects will not arise in the Company's products. Adverse events could expose the Company to product liability claims or litigation, resulting in the removal of regulatory approval for the relevant products and/or monetary damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage, if any.
Protection of Intellectual Property Rights	The commercial value of the Company's intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications. It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against Scout or the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation may be potentially significant and may divert management's attention from normal commercial operations.
Data loss, theft or corruption	The Company stores data in its own systems and networks and also with a variety of third party service providers. Exploitation or hacking of any of these systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any type of 'cyber' crime, its technology

Risk Category	Risk
	may be perceived as unsecure which may lead to a decrease in the number of customers. Some competitors of Scout have received negative publicity associated with the ability to hack their devices. Scout has not been hacked and does not have the same security flaws of said competitors, but it is possible that the Company may experience the same negative publicity if their devices are able to be hacked at some point in the future.

5.4 General risks

Risk Category	Risk
Economic	General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.
Market conditions	<p>Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. <p>The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p>
Litigation risks	The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.
Dividends	Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of

Risk Category	Risk
	dividends or franking credits attaching to dividends can be given by the Company.
Taxation	<p>The acquisition and disposal of Securities will have tax consequences for investors, which will vary depending on the individual financial affairs of each investor.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.</p>
Reliance on key personnel	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.
Ukraine conflict	<p>General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance.</p> <p>General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.</p> <p>Specifically, it should be noted that the current evolving conflict between Ukraine and Russia is impacting global macroeconomics and markets generally. The nature and extent of the effect of this conflict on the performance of the Company and the value of the Company's Shares remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the conflict between Ukraine and Russia and overall impacts on global macroeconomics. Given the situation is continually evolving, the outcomes and consequences are inevitably uncertain.</p>

5.5 Speculative investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Securities offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Securities.

Before deciding whether to subscribe for Securities under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

6. ADDITIONAL INFORMATION

6.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
14 September 2022	Cleansing Notice
14 September 2022	Application for quotation of securities - SCT
14 September 2022	Annual General Meeting Date and Director

Date	Description of Announcement
	Nominations
8 September 2022	Update - Proposed issue of securities - SCT
7 September 2022	Investor Presentation
7 September 2022	Reinstatement to Quotation
7 September 2022	Proposed issue of securities - SCT
7 September 2022	Proposed issue of securities - SCT
7 September 2022	Proposed issue of securities - SCT
7 September 2022	Placement Completion and Rights Issue Launch
7 September 2022	Suspension from Quotation
5 September 2022	Trading Halt
31 August 2022	Appendix 4E and Preliminary Financial Report
25 August 2022	Change of Director's Interest Notice - Robert
25 August 2022	Change of Director's Interest Notice - Pretty
25 August 2022	Lumen Agreement and Funding Update
29 July 2022	Quarterly Activities/Appendix 4C Cash Flow Report
13 July 2022	Change of Registered Office Address
5 July 2022	Company Secretary Appointment/Resignation
29 June 2022	Notification regarding unquoted securities - SCT
1 June 2022	Update to Release Dated 30 May 2022 receivables funding
30 May 2022	Scout Gains \$350k AUD in Receivables Financing
23 May 2022	White Label Trading Update
13 May 2022	Notification regarding unquoted securities - SCT
29 April 2022	Quarterly Activities/Appendix 4C Cash Flow Report
20 April 2022	Clarification New Funding
14 April 2022	Proposed issue of securities - SCT
14 April 2022	New Funding and Business Update
30 March 2022	Notice Under Section 708a(5)(e) of the Corporations Act
29 March 2022	Application for quotation of securities - SCT
29 March 2022	Notification regarding unquoted securities - SCT
24 March 2022	Change of Director's Interest Notice x 2
24 March 2022	Notification regarding unquoted securities - SCT
24 March 2022	Update - Proposed issue of securities - SCT
17 March 2022	Notice Under Section 708a(5)(e) of the Corporations Act

Date	Description of Announcement
16 March 2022	Response to ASX 3Y Query
14 March 2022	Change of Director's Interest Notice x 5
14 March 2022	Application for quotation of securities - SCT
3 March 2022	March White Label Trading Update
2 March 2022	Investor Update
1 March 2022	Investor Webinar, Wed 2 March 12pm AEDT
28 February 2022	Highlights of the Financial Results HY 31 Dec 2021
28 February 2022	Appendix 4D & Interim Financial Report
21 February 2022	Change of Director's Interest Notice x 2
21 February 2022	Notification regarding unquoted securities - SCT
18 February 2022	Results of General Meeting
31 January 2022	Quarterly Activities/Appendix 4C Cash Flow Report
21 January 2022	Notice of General Meeting/Proxy Form
20 January 2022	Results of AGM
23 December 2021	Proposed issue of securities - SCT
23 December 2021	Investor update
23 December 2021	Placement to Directors at 3x Market Price & CN extrn & raise
21 December 2021	Scout Founder Takes New Role and CEO Appointment
21 December 2021	Trading Halt
17 December 2021	Notice of Annual General Meeting/Proxy Form
17 December 2021	Director Nominations
8 December 2021	New Partnership Secured and Trading Update
26 November 2021	Notification regarding unquoted securities - SCT
1 November 2021	Encouraging Start to White Label Telco Sales
29 October 2021	Convertible Note Drawdown
29 October 2021	Quarterly Activities/Appendix 4C Cash Flow Report
7 October 2021	Change of Director's Interest Notice
30 September 2021	Corporate Governance Statement
29 September 2021	Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.scoutalarm.com.

6.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.05	12, 13 July 2022
Lowest	\$0.021	23 June 2021
Last	\$0.034	14 September 2022

6.4 Lead Manager Mandate

The Company has signed a mandate letter to engage Sequoia Corporate Finance Pty Ltd (ACN 602 219 072) (AFSL No. 472387) (**Sequoia**) to act as lead manager of the Offer and the Placement (**Lead Manager Mandate**), the material terms and conditions of which are summarised below:

Fees	<p>Under the terms of this engagement, the Company will:</p> <ul style="list-style-type: none">(a) pay Sequoia a management fee of 6% (plus GST) of the total amount of cash and the fair value on all funds raised from all sources under the Offer and the Placement; and(b) issue Sequoia one unquoted Option exercisable at \$0.07 expiring on 31 July 2026 for every \$1 raised under the Offer and the Placement, <p>(together, the Fees).</p> <p>Sequoia may pay the Fees to approved introducing parties holding an AFSL (typically other participating brokers), at its absolute discretion.</p>
Termination Events	<p>The Lead Manager Mandate may be terminated:</p> <ul style="list-style-type: none">(a) at the end of the initial term of six (6) months by a party giving the other party one months' notice;(b) if a party materially fails to comply with its obligations under the Lead Manager Mandate and fails to rectify the non-compliance within one month of being given notice to rectify such non-compliance;(c) by mutual agreement in writing at any time; or(d) by giving the other party 60 days' notice. <p>Upon termination, Sequoia is entitled to receive all Fees and expenses which have accrued to, or been incurred before, the effective date of termination.</p>

The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations, warranties and confidentiality provisions).

6.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 1.5.

Other interests

As announced on 25 August 2022, the Company entered into a loan agreement with an investor group, which includes Martin Pretty and Daniel Roberts. The Company received the entire facility of USD\$175,000 upfront, with the facility having a term of two (2) years, and a minimum term of ninety (90) days after which the facility can be repaid in whole or part, on 30 days' notice, without penalty. The interest rate for the facility is 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.

Equitable Investors Pty Ltd (AFSL 505824), an associate of Martin Pretty, will receive directly from the Lead Manager:

- (a) \$1,500 for funds raised in connection with the Placement; and
- (b) 3% (plus GST) of the total amount of cash of funds raised by Equitable Investors Pty Ltd under the Offer.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$750,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors.

Director	FY ending 30 June 2023	FY ending 30 June 2022
Sol Majteles	50,095	50,095 ¹
David Shapiro	44,940	44,940
Daniel Roberts	298,067	298,067
Martin Pretty	50,000	50,000
Anthony Brown	63,539	63,539 ²

Notes:

1. Comprising of \$45,662 in salary, fees and leave, and \$4,433 in superannuation.
2. Comprising of \$49,980 in salary, fees and leave, and \$13,559 in other short-term benefits.

6.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;

- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Sequoia Corporate Finance Pty Ltd has acted as the lead manager of the Offer and the Placement. The Company estimates it will pay Sequoia Corporate Finance Pty Ltd \$138,028 (excluding GST and disbursements) for these services. Subject to Shareholder approval, Sequoia Corporate Finance Pty Ltd will also be issued up to 2,300,460 Options for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Sequoia Corporate Finance Pty Ltd has received \$22,700 (excluding GST) in fees from the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$64,472.50 (excluding GST and disbursements) for legal services provided to the Company.

6.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

Sequoia Corporate Finance Pty Ltd has given its written consent to being named as Lead Manager to the Company in this Prospectus.

6.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$178,987 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	6,418
Lead Manager Fees ¹	138,028
Legal fees	20,000
Printing and distribution	5,605
Miscellaneous	5,730
Total	178,987

Notes:

1. Being 6% of the amount raised under the Offer and the Prospectus. In addition, the Lead Manager will be granted 2,300,460 Options, subject to Shareholder approval.

7. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Daniel Roberts
Executive Director
Scout Security Limited

8. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at Section 1 (unless extended).

Company means Scout Security Limited (ACN 615 321 189).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

CRN means Customer Reference Number in relation to BPAY®.

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder as at the Record Date who is eligible to participate in the Offer.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

EST means Eastern Standard Time as observed in Sydney, New South Wales.

Exercise Price means the exercise price of the New Options being \$0.07.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

New Option means an Option issued on the terms set out in Section 4.2.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at Section 1.

Section means a section of this Prospectus.

Securities means Shares and/or Options as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Securities not applied for under the Offer (if any).

Shortfall Application Form means the Shortfall Offer application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall Securities on the terms and conditions set out in Section 2.7.

Shortfall Securities means those Securities not applied for under the Offer (if any) and offered pursuant to the Shortfall Offer.