

ASX RELEASE

15 March 2023

Windstream Broadens Scout Sales Campaign to e-Commerce and Low-Bandwidth Customers

Highlights:

- Significant expansion of addressable market through Scout's Windstream white label sales channel:
 - Windstream has launched the sale of Scout products to customers with internet connections as low as 10 Mbps, increasing eligible customers by ~30%
 - Scout and Windstream will launch e-commerce sales to existing Windstream customers in May 2023
- Program expansion follows several months of user testing, positive customer feedback and uptake of the Scout-powered white labelled home security solution
- Immediate impact on recurring services revenue is expected. To date, Scout has achieved conversion rates, via phone sales to new customers, of up to 10%. Should the e-commerce conversion rate to existing customers be only 1%, it would still more than double the Company's existing base of recurring revenue over time. Historically, the average Windstream conversion rate has been 6%

Security-as-a-Service platform provider Scout Security (ASX: SCT, "Scout" or "the Company") is pleased to advise of business development progress within its white label program.

The Company's first US internet service provider (ISP) partner, Windstream, has commenced selling the Windstream Kinetic-branded home security solution to existing customers with lower-bandwidth internet connections. This follows several months of positive customer feedback and uptake of the Scout-powered white labelled home security solution.

Potential for business growth

Until now, Scout's Windstream sales activity has been restricted to Windstream's new onboarding customers. Through that channel, the Company has achieved an average conversion rate of more than 6%, and as high as 10%, solely through phone sales to these new customers. It is primarily through this channel that Scout has built its annualised recurring revenue (ARR) to \$1.1 million.



Windstream's approval of Scout product sales to both new and existing customers with connection speeds as low as 10 Mbps provides access to an existing customer base which Scout has not previously been able to access, and expands the Company's addressable market through this sales channel by approximately 30%. With more than 1.1m broadband customers over a footprint of 18 states, and more than 1.4m premises with access to their fibre services, this step significantly increases the potential for revenue generation through this channel. Further, Windstream has announced that it is achieving quarterly net new fibre customers additions of 24k as of Q4 CY22, and growing every quarter.

The potential for Scout revenue growth through the broadening of Windstream's sales campaign will depend on what level of market penetration and conversion the sales teams can achieve. If it is assumed that Scout's average net revenue per Windstream user remains constant at A\$7.60 per month, the Company has assessed the potential for incremental ARR to range from \$1.3m at a 1% conversion rate to \$12.8m at a 10% conversion rate. This assessed range does not represent a revenue forecast but reflects a possible set of outcomes based on the Company's established working relationship with Windstream.

Scout is confident of providing customers with a strong user experience at speed levels as low as 10 Mbps, having worked with Windstream for months to extensively test and benchmark user experience at these speeds. With Windstream sales representatives commencing sales to this group this week, the Company expects to see an immediate impact on upfront and recurring services revenue. Scout also expects this development to boost the appeal of its white label program to other ISPs with rural customer bases that are potential Scout partners.

In 2022, Windstream's Kinetic Secure Home was named Best in Class for Partnership for Home Security by the Broadband Multimedia Marketing Association. The award reflects Scout's ability to provide its white label partners with an affordable, cutting-edge, do-it-yourself home security platform and smart home suite for residential customers.

Windstream e-Commerce Launch

Windstream has confirmed that it will commence e-commerce sales of the Scout-powered home security solution to existing Windstream customers in May 2023.


Until now, Windstream has only targeted new customers with the Scout-powered Kinetic Secure Home offer. As such, this new development represents a significant potential additional boost to Scout revenue.


Commencing in May, existing Windstream customers will be able to subscribe to the offer directly through the GoKinetic portal, with new hardware shipped straight to their service address. Marketing email campaigns will begin at launch, directly targeting over 600k subscribers at a time, including call to action links to purchase via the portal.

Scout looks forward to updating investors on sales progress through this and other white label channels.

The diagram on the following page shows the Kinetic Secure Home landing page on the Windstream website.




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1-855-918-1271
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CHOOSE THE PLAN FOR YOU

VIDEO DOORBELL

NO-CONTRACT

EQUIPMENT
Video Doorbell

INSTALLMENT
Installment option of \$20/month for 3 months
Installment option available for equipment

\$7/mo
\$20/equipment

[CALL TO ORDER](#)

KINETIC SECURE HOME

NO-CONTRACT

EQUIPMENT
Includes 2 indoor/outdoor cameras and a yard sign

INSTALLMENT
Installment option of \$20/month for 3 months
Installment option available for equipment

\$10/mo
\$60/equipment

[CALL TO ORDER](#)

KINETIC SECURE HOME PLUS

NO-CONTRACT

EQUIPMENT
Hub, indoor/outdoor camera, motion sensor, 2 key fobs, 2 entry sensors and a yard sign

INSTALLMENT
Installment option of \$20/month for 12 months
Installment option available for equipment

\$30/mo
\$240/equipment

[CALL TO ORDER](#)

*One-time equipment fees may have installment plan options available. Ask your Kinetic by Windstream rep to learn more.

COMPARE THE BENEFITS

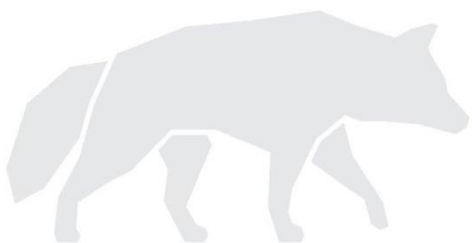
	VIDEO DOORBELL	KINETIC SECURE HOME	KINETIC SECURE HOME PLUS
	\$7.00/mo \$120.00/Equipment*	\$10.00/mo \$60.00/Equipment*	\$30.00/mo \$240.00/Equipment*
MOTION ACTIVATED NOTIFICATIONS	✓	✓	✓
REAL TIME VIDEO WITH LIVE	✓	✓	✓
TWO WAY TALK	✓	✓	✓
VIDEO HISTORY FOR 14 DAYS	✓	✓	✓
VIDEO SAVING AND SHARING	✓	✓	✓
MULTIPLE USERS	✓	✓	✓
CELLULAR AND BATTERY BACKUP	✗	✗	✓
	CALL TO ORDER	CALL TO ORDER	CALL TO ORDER

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

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About Scout Security Limited

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

Scout was recognised as one of Forbes' "Best Home Security Companies of 2022" and was named "Best for Custom Notifications and Alarms" in 2021 by US News and World Report. Scout's design-centric offering gives users complete flexibility around connected home security, allowing the system to integrate with other best-in-class IoT devices and offering flexible monitoring options.

Scout is an official partner of Amazon Alexa and Google's Assistant. Scout is also an Amazon Alexa Fund portfolio company.

