

ASX RELEASE

11 July 2023

Waiver of ASX Listing Rule 10.1 Granted

Scout Security Limited (ASX: **SCT**, **Scout** or the **Company**) refers to its announcement dated 28 April 2023.

It was noted in that announcement that the Company has entered into a new finance facility with a syndicate of lenders (**Lenders**) under which the Company has issued loan notes (**Loan Notes**) with an aggregate value of USD\$1.72 million (**Loan Note Facility**). The Loan Note Facility will provide additional funding to support working capital and the exploration of further growth opportunities. The key terms of the Loan Note Facility were announced to the market in the announcement dated 28 April 2023 and include the following:

- a) The total commitments that the Company will be entitled to seek under the Loan Note Facility is USD\$4 million.
- b) The interest rate on the Loan Note Facility is 12% per annum with a term of four (4) years.
- c) The obligations of the Company under the Loan Note Facility are secured by way of a general security deed over all of the assets and undertakings of the Company (General Security Deed), with the security interest granted to the Lenders held by a security trustee, Adaptive Income Fund, LP (Security Trustee).
- d) Under the Loan Note Facility, existing loans made by the related parties of the Company (Related Party Lenders) were rolled into the new Loan Note Facility.

The Company is pleased to advise that ASX has granted a waiver from ASX Listing Rule 10.1 to allow the Company to grant the security contemplated to the Related Party Lenders under the General Security Deed on the terms proposed. The terms of the waiver are set out below.

The Loan Note Facility, Loan Notes and the General Security Deed have been negotiated between the Company and the Lenders (including the Related Party Lenders) on arm's length terms. This is evident by the number of unrelated Lenders that have provided funding (approximately 89% of funds advanced under the Loan Note Facility were advanced by investors that are not related parties). For these reasons, the Company considers the terms of the Loan Note Deed, Loan Notes and General Security Deed to be fair and reasonable from the perspective of its Shareholders.



The Company has elected to obtain funds from the Related Party Lenders, rather than solely from parties that are not ASX Listing Rule 10.1 parties, as the Company was in need of as much funding as possible to support marketing and sales of the Company's existing products and for general working capital. Further, the Related Party Lenders will only have an interest in the General Security Deed proportionate to their respective funding commitments.

The General Security Deed (and associated Loan Note Subscription Agreement and Security Trust Deed) expressly provide that:

- a) the security granted to the Related Party Lenders under the General Security Deed is limited to the funds due under the Loan Note Deed and is not an "all moneys" security;
- b) the security granted to the Related Party Lenders will be discharged when the funds due under the Loan Note Deed have been repaid in full;
- c) in the event the security is enforced, the assets making up the collateral can only be disposed of to the Related Party Lenders or an associate of the Related Party Lenders if the disposal is first approved by the Company's Shareholders under ASX Listing Rule 10.1; and
- d) otherwise, if the Security Trustee exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the security, any assets making up the collateral that are sold to satisfy amounts owing to a Related Party Lender must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the Related Party Lender in accordance with their legal entitlements.

The Company will ensure that no variation is made to the terms of the Loan Note Deed, General Security Deed or associated documents which advantages the Related Party Lenders, disadvantages the Company in a material respect or is inconsistent with the terms of any waiver granted to the Company without first obtaining shareholder approval under ASX Listing Rule 10.1 (or an updated waiver, if available).

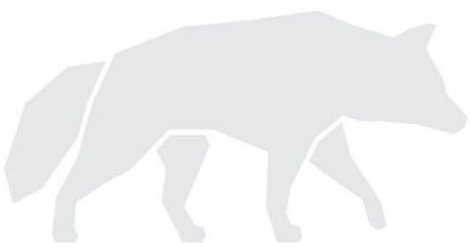
For each year while the Loan Notes held by Related Party Lenders remain outstanding, a summary of the material terms of the Loan Notes held by the Related Party Lenders will be included in the related party disclosures in the Company's audited annual accounts.

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

