

ASX RELEASE

14 April 2022

New Funding and Business Update

Highlights:

- **Secured a working capital facility of US\$400k**
- **Applying for US Government Refund of US\$250k (net)**
- **US Telco growth continues to accelerate:**
 - **Over 1000 kits sold in March 2022 (+28% month-on-month (MoM))**
 - **Average revenue per user (ARPU) remains strong at AU\$8**
 - **As of 31 March, US telco channel Annualised Recurring Revenue (ARR) of AU\$316k**
- **All recurring monthly revenue streams now combine to ARR of greater than AU\$1 million**

Home security provider Scout Security Limited ((ASX: SCT), "Scout" or "the Company") is pleased to announce that it has entered into an agreement providing access to a working capital facility of \$400,000 USD, available in a single tranche. The funds will allow Scout to continue to pursue growth opportunities across its lines of business.

The key terms of the agreement will see Scout receive the entire facility of USD\$400k upfront, with the facility having a term of two years, and a minimum term of 90 days after which the facility can be repaid in whole or part, on 30 days' notice, without penalty.

The interest rate will be fixed at 7.0% per annum, calculated and payable quarterly following drawdown. In the event of default by the Company, a default margin of 8.0% will be added.

The loan will be secured by a general security deed over the assets and undertakings of Scout Security Ltd.

On the date of the advance, Scout will issue the lender with 5,400,000 options to acquire shares in the Company at strike price of AU\$0.10 and an expiration date of three years from issuance.

The lending group consists of sophisticated investors affiliated with one of Scout's earliest investors.

All issues of shares and options contemplated by the agreement are subject to the prior receipt of shareholder approval, however, Scout may elect to issue securities using its placement capacity should it have sufficient capacity available at the time.

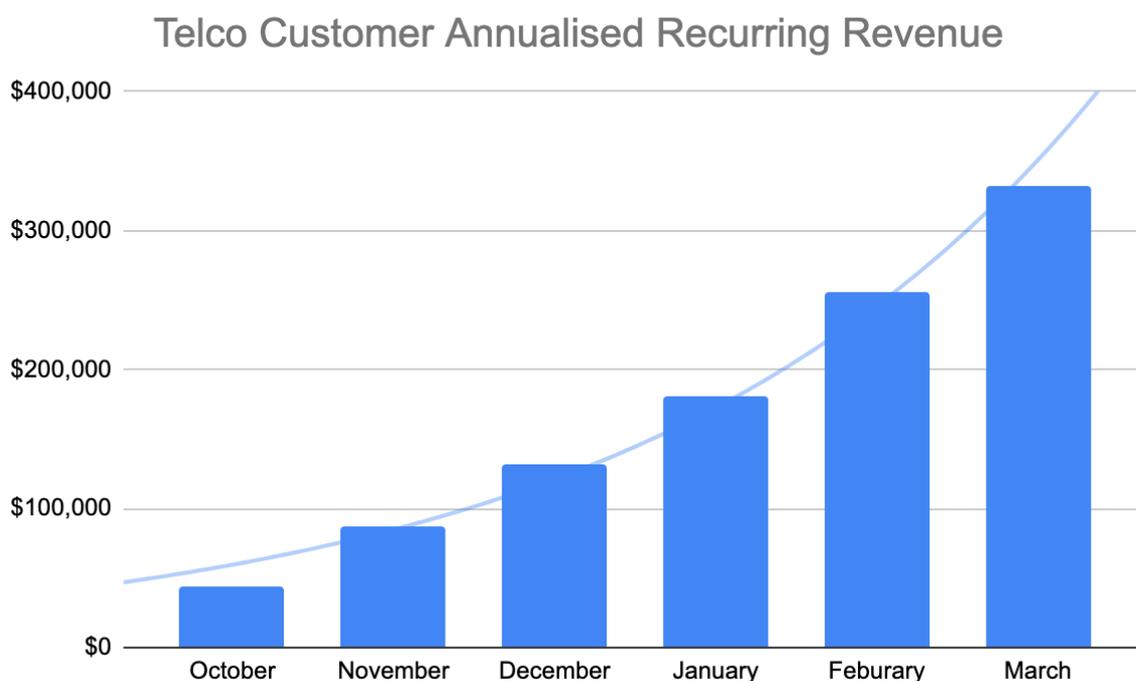


Further, Scout has commenced the application process for a US Government refund which is based on certain employment taxes paid. Net of associated costs, Scout expects to receive US\$250,000 toward the end of the calendar year.

Business Update

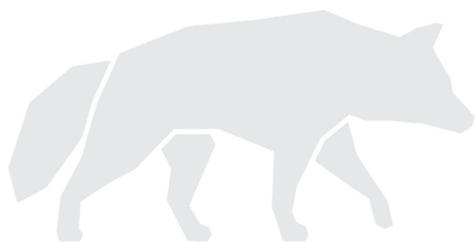
As Scout's white label partnerships continue to grow, the Company has experienced significant growth through the first quarter of CY22. All recurring monthly revenue streams combined have led to annualised recurring revenue exceeding AU\$1,000,000 as of the end of March 2022, one third of which comes from our Telco partner, which continues to grow by double digit percent each month.

Scout has taken further steps to expand its white label and B2B2C programs by reducing the barrier to entry for smaller Telcos by drastically reducing hardware minimum order quantities through its strategic supplier partnerships. As a result, the team is in constant negotiations with an expanded pool of potential partners.



Scout Security CEO, Ryan McCall, said:

"This new facility provides Scout with working capital to fund the continued expansion of the Company's Scout Alarm deployments as we grow our base of recurring revenue through multiple white label partnerships, as well as smaller B2B2C reseller relationships. Scout is in advanced discussions with several potential partners, which have the ability to meet or exceed revenue generation of Windstream. As opportunities arise to expand our white label program and



welcome new partners, this facility will allow us to respond rapidly and deploy financial and operational resources to meet the demands of those expansions.

"We have charted a strong start to CY22, with group annualised recurring revenue (ARR) having grown by 175% year-on-year, showing the impact of our recent white label expansion into the US telco and ISP sectors. We thank our investors for their support and look forward to building Scout's operational momentum as our white-label partnerships continue to develop.

"With new monthly telco sales continuing to grow by double digits month-on-month, and new partnerships on the horizon, we believe the addition of these funds pave the way to Scout achieving consistent monthly cash flow positive results via recurring revenue only."

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

For more information, please contact:

Ryan McCall

Chief Executive Officer

investors@scoutalarm.com

Tim Dohrmann

Investor and Media Enquiries

tim@nwrcommunications.com.au / +61 468 420 846

About Scout Security Limited

Scout Security Limited (ASX: SCT) sells the Scout Alarm, a self-installed, wireless home security system that is making security more modern, open and affordable. Scout was recognized as one of Forbes "Best Home Security Companies of 2022", and was named "Best for Custom Notifications and Alarms" in 2021 by US News and World Report.

Scout's design-centric offering gives users complete flexibility around connected home security, allowing the system to integrate with other best-in-class IoT devices and offering flexible monitoring options.

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

