



ASX RELEASE

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Scout launches 1st DIY security system for alarm dealers

Highlights:

- **Scout has launched a new, DIY security product suite for the network of 13,000+ traditional alarm dealers in the USA**
- **Home security is a US\$23 billion a year business in the USA, supported heavily by sales from 13,000+ alarm dealers**
- **The offering will leverage Scout's technology platform on top of 3rd party hardware that is functionally similar to Scout's direct-to-consumer offering**
- **The new product suite opens an entirely new channel for Scout and empowers dealers to offer their customers an increasingly-requested DIY alarm system in addition to traditional security products for the first time**
- **Scout expects that, in time, DIY system sales through the dealer channel could match or exceed the Company's direct sales**
- **Scout continues to progress discussions with additional potential resellers and distribution partners across the US retail, consumer and utility sectors**
- **The rollout of this product suite further enhances Scout's ability to land partners in those verticals**

Home security provider Scout Security Limited ((ASX: SCT), "Scout" or "the Company") is pleased to announce that it has launched a new DIY security solution and product suite targeting the alarm dealer channel, comprising more than 13,000 companies in the USA.

These 13,000+ alarm dealer companies support sales through the traditional home security industry, a market worth US\$23 billion per year in the USA alone.

Scout Security Limited (ACN 615 321 189)

e: info@scoutalarm.com w: www.scoutalarm.com

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The new product suite combines Scout's proprietary technology platform with 3rd party hardware that is functionally similar to Scout's direct-to-consumer offering. By leveraging 3rd party hardware, Scout brings dealers an enhanced offering that provides flexibility on branding and pricing of both the hardware and security services in their local markets. This empowers dealers to sell Scout's new product suite in a way that avoids channel conflict with Scout's direct-to-consumer offering.

The images below show the modern, minimal design of components of the Scout system that alarm dealers will sell into the US market.



Scout Security co-founder and CEO, Dan Roberts, said:

"We're excited to finally announce Scout's product suite for alarm dealers. We've known this was a need in the dealer channel for some time now, and our team has worked incredibly hard to get the new product suite to market."

"As awareness of DIY solutions grows, alarm dealers need a product that rivals what consumers can find online. Through Scout's new product suite, the dealer maintains the

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advantage of their local connection with consumers and, now, we're able to offer them a product that rivals the best systems available online. Consumers are getting the best of both worlds with this offering.

"Given the history of alarm dealers selling in local communities, we know that this can be a huge channel for Scout. By allowing dealers to price and brand the solution as they see fit, we give dealers flexibility to maintain their margins, while not creating any channel conflict with Scout's direct offering.

"In time, we believe that sales through the alarm dealer channel could exceed sales from our direct-to-consumer offering, which is exciting."

Industry background: an attractive sales channel

The 13,000+ alarm dealers across the USA have traditionally sold alarm systems that are professionally installed and require multi-year contracts.

Consumer awareness of the benefits of DIY security systems is growing, and as a result, dealers are increasingly receiving requests for a DIY solution that rivals the quality of direct-to-consumer DIY offerings like Scout.

The release of Scout's new product suite for dealers represents the first offering of its kind to match the features and functionality of a direct-to-consumer system. This empowers dealers to help meet shifting consumer demand in the growing DIY home security market. Scout's business model positions the Company to benefit from the migration of value in the market away from upfront hardware sales and toward recurring monitoring revenue.

Alarm dealers in the USA differ from direct-to-consumer system providers, such as Scout, in that they typically buy both security equipment and software applications from 3rd party providers. This establishes an alarm dealer as a sales and marketing company with an established brand in the local community. The dealer's differentiation is that they offer local technicians for installation, servicing and customer support, unlike systems sold purely online.

Dealers will buy both the hardware and software offering through Scout. Scout will offer a brand that the dealers can utilise, or the dealer can choose to use their own branding on the hardware and software for a fee.



Sales through the dealer channel will bring both a hardware and a recurring revenue component, with revenue and margin structure expected to be similar to Scout's direct-to-consumer model.

The product suite for dealers opens up an entirely new channel for Scout, while leveraging everything Scout has built for its direct offering over the last four years.

Since the new product suite is explicitly built to be white labeled, private labeled, or co-branded, the new offering may also be leveraged for partner conversations with insurers, utilities and telcos that desire a branded home security offering of their own.

Scout continues to progress discussions with additional potential resellers and distribution partners across the US retail, consumer and utility sectors, including through alarm dealers. The rollout of this product suite further enhances Scout's ability to land partners in those verticals.

For more information, please contact:

Dan Roberts

Chief Executive Officer

investors@scoutalarm.com

Tim Dohrmann

Investor and Media Enquiries

+61 468 420 846

tim@nwrcommunications.com.au

Michael Shaw-Taylor

Corporate Advisor

+61 477 383 390

michael.shaw-taylor@armadacapital.com.au

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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. In 2016, the Scout system was recognised by CNet as one of the Best Smart Home Devices of the year.

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, Google's Works With Nest and Samsung SmartThings. Scout is also an Amazon Alexa Fund portfolio company.

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