



ASX RELEASE

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Scout signs deal to accelerate entry into US brick and mortar retail

Highlights:

- Scout has signed a deal with retail growth consultant Scale2Shelf to accelerate placement of Scout's self-installed home security products in big box retail stores
- As merchants, the team at Scale2Shelf has built multi-billion-dollar retail categories and offers decades of experience bringing technology products to scale with major consumer retailers
- Scout will work with Scale2Shelf on the end-to-end retail channel strategy from initial launch to program management
- The parties' interests are aligned with fees payable solely as a small commission to Scale2Shelf on product placed and sold
- Brick and mortar retail is a massive channel, accounting for close to 90% of U.S. retail sales, or around US\$4 trillion each year
- Scout expects to have initial placement conversations with retailers starting at the Consumer Electronics Show in Las Vegas in January 2018
- Target retailers include Walmart, Best Buys, Home Depot, Target and Costco

Home security provider Scout Security Limited ((ASX: SCT), "Scout" or "the Company") is pleased to announce that it has signed a deal with retail growth consultant **Scale2Shelf** to accelerate the placement of Scout's self-installed home security products into the brick and mortar retail channel.



Scale2Shelf is part of the Sprosty Network, a team of highly experienced former senior merchant executives who have built multi-billion dollar retail categories.

The Sprosty Network brings strong relationships and potential sales representation into brick and mortar retailers across the US, including:



Scale2Shelf's focus is the key Internet of Things ("IoT") verticals of connected home, smart security and machine-to-machine communication. After extensive due diligence, Scale2Shelf has accepted the Scout Alarm as a suitable product to assist in the design of an industry-wide launch plan into brick and mortar retailers.

The group brings a strong record of accomplishment in having achieved launch and scale for dozens of retail brands:

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Scale2Shelf will be Scout's exclusive sales representative for placement into brick and mortar retailers in the United States. The Scale2Shelf team working with Scout comprises industry veterans with experience at Scout's target retailers including Walmart, Best Buy, Home Depot, Target and Costco.

The process of placing Scout's products into the retail channel will start immediately. The Company has established a targeted list of retailers and is actively working with Scale2Shelf on mapping the Scout products for retailer-specific assortments.

Scout expects that initial placement conversations with targeted retailers will occur at the Consumer Electronics Show in Las Vegas in January. Given the success of the product on Amazon and through other channels, Scout anticipates that initial testing in the retail channel will start with each retailer's online portal. From there, the Company intends to progress to a multi-store pilot and then a full nationwide rollout with each targeted retailer.

The brick and mortar retail channel in the United States is massive, accounting for close to 90% of retail sales, or around US\$4 trillion each year. Except for Amazon, where Scout has an existing sales presence, all of the top ten U.S. retailers are primarily physical chains.

Brick and mortar retailers are increasingly acknowledging shoppers' preference for traditional channels to drive both online and in-store sales. Placement into brick and mortar stores represents a potentially strong driver of sales over time and would bring Scout increased visibility and credibility with consumers.

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

"Not only is brick and mortar retail a major driver of consumer electronics sales, but it's also an opportunity for consumers to see and touch a Scout product. For some consumers, this is still an important step in the purchasing process and Scout is excited to be taking the first step towards getting onto retail shelves."

"We've stressed that our integrations with other best-of-breed smart home products would be integral to winning in the DIY security market. It is on retail shelves where that strategy really has a chance to shine. When a consumer sees the logo of an integrated product on the Scout box, and then sees that product one shelf away, it encourages consumers to connect the dots on what is possible with Scout at the core of a smart home setup."

"In addition to being directly additive to hardware and recurring revenue sales dollars, the retail channel brings the extra benefit of serving as a marketing extension for us. Being seen on store shelves on each successive trip to a retailer embeds the brand in the mind of consumers. Additionally, there is credibility that comes with being seen on the shelves, or as part of a joint marketing campaign."

"We've indicated that retail made sense for Scout at the right time for all of the reasons mentioned. I'm excited that we're starting that process in earnest now with Scale2Shelf, and look forward to penetrating the massive US big box retail market."

Scout continues to progress discussions with additional potential resellers and distribution partners in multiple industries across the USA for the Company's direct-to-consumer and alarm dealer products.

About Scale2Shelf:

Scale2Shelf is the retail on-ramp unit of global business strategy and innovation firm Sprosty Network. The team at Sprosty have led product companies and, as merchants, have built multi-billion-dollar retail categories. As such, Sprosty offers unmatched experience bringing technology products to scale with major consumer retailers.

Scale2Shelf helps clients through every step of scaling their business through nationwide omni-channel retail distribution. Its key services include Channel Strategy Development, Business Analytics, Sales Management, Channel Launch, Logistical Planning and Development, and Retailer Program Management.

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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.

www.scoutalarm.com

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