



ASX RELEASE

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Scout March Sales Update: Strong Growth in Recurring Revenue

Highlights:

- Scout has delivered a strong Q3 FY18, continuing to build scale and momentum in selling more than AU\$138k (unaudited) of connected home security products and home monitoring services in the month of March 2018
- Cash receipts in the March quarter of more than AU\$409k (unaudited) represent a quarter-on-quarter increase of more than 28% over the December quarter (normalised to exclude enterprise sales)
- Revenue in each month of the March quarter exceeded the prior month, with a healthy contribution from all existing sales channels including top-5 Scout shareholder Amazon.com
- The latest material purchase order from key resale partner, smart apartment provider Zego, has been shipped with the Company set to realise revenue from sale following delivery of 1,000 hubs in Q4 FY18
- Scout has grown its base of annualised recurring revenue to more than AU\$0.9 million as at the end of the quarter, representing year-on-year growth in recurring revenue of 27%

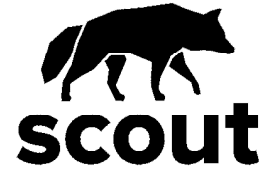
Home security provider Scout Security Limited ((ASX: SCT), "Scout" or "the Company") is pleased to provide an update on the Company's continued sales expansion in 2018.

Following growth in both hardware sales and annuity-style monitoring services income, the Company earned (subject to audit) more than AU\$138,000 in revenue in March 2018. Monthly sales beat February's strong result, which in turn, beat January's strong result.

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The Company's sales mix continues to shift toward high-margin recurring monthly revenue (RMR). This component represented more than 50% of Scout's overall book of business in each month of the March quarter.

As at the end of March, Scout's base of annualised RMR has grown by 27% year-on-year to exceed AU\$0.9 million. To view Scout's growth in a broader context, the Company has now nearly tripled its RMR in just two years.

The Company sees strong prospects for near-term growth in hardware sales, with the latest material purchase order from key Scout resale partner Zego — a 1,000 hub order received in January — en route for delivery, following which the Company expects to realise revenue in Q4 FY18.

The Company continues to gather momentum with positive customer feedback on its recently bolstered product suite, which now includes smart lock integrations and will shortly make available a 1080p HD camera add-on. Scout plans further expansions to its product suite to respond to pent-up customer demand.

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

"We are pleased to see the continued acceleration in our business heading into North America's Spring moving season. May to June is a key period for security and connected home purchases, and we look forward to bringing a larger group of customers peace of mind as our stature in the market grows."

"The extent to which our business has grown in the March quarter is a testament to both rising consumer interest in the market for DIY home security solutions, and the power of Scout's sales channels when fully in stock and with proactive marketing in full effect."

"Every Scout system sold adds to our high-margin, annuity-style recurring monthly revenue. Each month that we see headline sales increasing, as we have consistently achieved now for several months, is a great leading indicator for continued growth in recurring monitoring services revenue."

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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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