

Starcom Plc
("Starcom" or "the Company")

North African Business and Trading Update, and Update re Nomad Status

Starcom (AIM: STAR), which specialises in the development of wireless solutions for the remote tracking, monitoring and protection of a variety of assets, announces an update on its North African business, a trading update and an update on the appointment of a replacement Nominated Adviser.

North African business update

On 7 November 2018, the Company announced details of an agreement with a distributor in a North African country which included an initial order of Helios Advanced units plus related software valued at approximately US\$1.1 million. Delivery of the order was expected to be made by the end of December 2018 subject to payment for the majority of the order value prior to delivery.

The distributor was subsequently informed that, although the minister of the relevant government department, that is the end user for the units, had approved release of the funds for payment of the order, there could be a delay in processing the payment by the year end. The Company nevertheless expected that payment would be made and the order delivered in early January, after the year end but in time for the order value to be recognised in the 2018 financial statements.

Since then, however, local conditions appear to have exacerbated the delay. Payment has now been committed to be made by the end of January. As a result, and assuming that payment is received as promised, the hardware component of the order value will be recognised in 2019 H1 results rather than in the 2018 financial statements. However, the related software component of the order value amounting to approximately US\$0.2 million is expected to be recognised in the 2018 financial statements.

Trading update

Despite the delay in delivery of the North African order, revenues for 2018 are still expected to slightly exceed market expectations of \$5.9 million but EBITDA is now expected to be approximately breakeven (subject to final audit). This is below market expectations of EBITDA in the region of US\$485,000 but still represents a significant improvement over the previous year.

Notwithstanding the issues concerning the North African order, the Company's other business is progressing well, and the Company expects continued growth in 2019. A further update will be given towards the end of January.

Nominated Adviser status update

Further to the announcement of 5 December 2018, the Company confirms that the due diligence process with the replacement Nominated Adviser is progressing and the directors believe that the Company will be in a position to announce the appointment of the replacement Nominated Adviser in advance of 1 February 2019.

This announcement contains inside information.

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