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22 October 2021

Starcom PLC
("Starcom" or the "Company")

Trading Update

The Board of Starcom (AIM: STAR), which specialises in the development of wireless, Internet-of-Things (IoT) based solutions for the remote tracking, monitoring and protection of a variety of assets, is pleased to provide an update on trading.

As stated in the interim results announced on 27 August 2021, there are strong signals that business is starting to revive and the Company has a strong pipeline of potential new business. In this regard, the Board of Starcom can report that negotiations for potential new contracts are progressing and the Company is in advanced stage discussions for a number of potentially substantial projects concerning the supply of Starcom's various devices for the tracking and monitoring of containers and related items. Should these be successfully concluded they could provide significant revenues over the next few years, including SaaS revenues. There can be no certainty that these negotiations will lead to final contracts or if they do, what the final terms and value will be. However, certain potential clients have indicated their desire to reach an agreement with Starcom for its technology and the Board is hopeful to conclude one or more contracts before the end of this year. This includes discussions with potential customers in South America and the USA, including one that the Board considers to be one of the major companies in the field of tracking and monitoring containers. The timing for completion of any of these negotiations cannot be certain at this stage and the Company will provide further updates as soon as appropriate.

Separately, the Board has been undertaking a strategic review of the Company's position in its markets together with professional advisers. As a result, it is now intended to commence a rebranding of Starcom's products and, now that Covid restrictions on travel are less onerous, the Company will focus on increasing its global marketing plans and seek to take advantage of the major increases in the costs to companies of shipping with containers that, the Director's believe, should improve the demand for Starcom's product range. The Board is also giving consideration to a possible change of name of the Company to reflect the new branding image which is being developed.

Trading in the second half of the year is still expected to show an improvement on the first half, but much depends on the finalisation and timing of signature of the contracts referred to above. The Company has maintained a key focus on cash in light of the challenges faced in managing inventory levels and dealing with the global shortage of components needed to make products. The worsening supply chain issues facing multiple sectors and businesses of all sizes have been well publicised and, unfortunately, Starcom has not been immune to these challenges. These issues include material increases in freight costs and shipping timeframes, as well as increasing component costs and reduced availability. Some orders for customers, existing and prospective, have been delayed as a result, particularly as suppliers now often require full payment in advance. This inevitably impacts cash flow projections and the Company is working hard to mitigate this as best as possible, including ensuring a sufficient working capital buffer, and the Company is proposing to raise up to £450,000 in an equity subscription which it expects to be able to conclude shortly.

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