

Starcom plc
("Starcom" or the "Company")

Posting of Annual Report and Accounts and notice of Annual General Meeting and proposed grant of options and issue of shares to directors

Starcom (AIM: STAR), which specialises in the development of wireless solutions for the remote tracking, monitoring and protection of a variety of assets, will shortly post to shareholders its Annual Report and Accounts for the year ended 31 December 2018 and notice of the Company's Annual General Meeting ("AGM"). Both documents will be available later today on the Company's website at www.starcomsystems.com.

The AGM will be held at 12 noon on 17 June 2019 at the offices of Peterhouse Capital Limited, 3rd Floor, New Liverpool House, 15 Eldon Street, London, EC2M 7LD.

Further to the announcement on 18 April 2019, at the AGM, resolutions will be proposed for shareholders to consider the grant of share options and issue of shares to directors and consultants as detailed below.

Proposed grant of options

Fee options

It is proposed that in consideration of the agreement by certain directors and David Avner (a consultant to the Company) to either waive or reduce fees and salaries due them for the nine month period from 1 June 2019 to 31 March 2020, they will be granted with options to subscribe for new ordinary shares in the Company ("Shares") under the Company's share option scheme (the "Fee Options") as follows:

- Michael Rosenberg will be granted 600,000 Fee Options and will reduce his fees payable to Eastkings Ltd from £3,333 per month to £2,917 per month until 31 March 2020.
- Avi Hartmann will be granted 2,960,000 Fee Options and will reduce his salary from 59,000 shekels per month to 40,000 shekels per month until 31 March 2020.
- Avi Engel will be granted 2,160,000 Fee Options and will reduce his fees from 14,000 shekels per month to zero per month until 31 March 2020.
- Martin Blair will be granted 2,160,000 Fee Options and will not take any salary or fees until 31 March 2020.
- David Avner will be granted 2,160,000 Fee Options and will reduce his consultancy fees from 14,000 shekels per month to zero until 31 March 2020.

The number of Fee Options granted has been calculated based on an issue price of 1.25p per Share. The Fee Options will vest on 1 April 2020, subject to the grantees' continued employment with the Company, and can be exercised from that date until 10 years from date of grant. As the Fee Options are being granted in place of salaries and fees, the Fee Options are exercisable at nil cost. Pursuant to the Company's share option scheme, the Fee Options will be subject to certain customary good leaver and bad leaver provisions.

The aggregate 10,040,000 Fee Options would represent 3 per cent. of the Company's issued share capital as at the date of this announcement.

The grant of Fee Options is subject to shareholder approval at the AGM.

Scheme options

In addition to the Fee Options, it is proposed that the directors of the Company, Uri Hartmann (a director of a Company subsidiary) and David Avner will be granted with options to subscribe for new Shares under the Company's share option scheme (the "Scheme Options") as follows:

- Michael Rosenberg: 1,000,000 Scheme Options
- Avi Hartmann: 1,000,000 Scheme Options
- Uri Hartmann: 1,000,000 Scheme Options
- Igor Vatenmacher: 1,000,000 Scheme Options
- Martin Blair: 750,000 Scheme Options
- Avi Engel: 750,000 Scheme Options
- David Avner: 750,000 Scheme Options

The Scheme Options are exercisable at a price of 1.875p per share, representing a premium of 50% over the closing mid-market price on the day prior to the issue of the AGM notice. The Scheme Options will become exercisable, subject to the grantees' continued employment with the Company, over three years as to one third from the first anniversary of the date of grant, one third from the second anniversary of date of grant and one third from the third anniversary of date of grant. The Scheme Options expire 10 years after date of grant. Pursuant to the Company's share option scheme, the Scheme Options will be subject to certain customary good leaver and bad leaver provisions.

The aggregate 6,250,000 Scheme Options would represent 1.8 per cent. of the Company's issued share capital as at the date of this announcement.

The grant of Scheme Options is subject to shareholder approval at the AGM.

Total options

If the grant of the Fee Options and Scheme Options is approved by shareholders at the AGM, the Company would have a total of 49,293,947 options over new Shares outstanding, which would represent 14.31 per cent. of the Company's issued share capital as at the date of this announcement, and the directors of the Company would have interests in options over new Shares as follows:

<i>Director</i>	<i>No. of options over Shares currently held</i>	<i>No. of Fee Options to be granted</i>	<i>No. of Scheme Options to be granted</i>	<i>Total no. of options over new Shares to be held if approved at the AGM ("Total Options")</i>	<i>Percentage of existing issued share capital of the Company represented by Total Options</i>
Michael Rosenberg	6,222,710	600,000	1,000,000	7,822,710	2.27
Avi Hartmann	7,323,420	2,960,000	1,000,000	11,283,420	3.28
Avi Engel	5,011,710	2,160,000	750,000	7,921,710	2.30
Igor Vatenmacher	1,000,000	-	1,000,000	2,000,000	0.58
Martin Blair	-	2,160,000	750,000	2,910,000	0.84

Proposed issue of shares

It is proposed that in consideration of the payment of outstanding fees of £11,000 due to Eastkings Limited for the services of Michael Rosenberg as Chairman of the Company in the year to 31 March 2019, Eastkings Limited will be issued with 880,000 new ordinary shares in the Company at 1.25p per share (the "Fee Shares").

The issue of Fee Shares is subject to shareholder approval at the AGM.

If approved at the AGM, upon the issue of the Fee Shares, Michael Rosenberg would have an interest in 3,059,616 Shares, representing approximately 0.89 per cent. of the as enlarged issued share capital of the Company.

Application will be made for the Fee Shares, which will rank *pari passu* with the Company's existing Ordinary Shares, to be admitted to trading on AIM ("Admission"). It is anticipated that, subject to shareholder approval at the AGM of the issue of the Fee Shares, Admission will become effective on 18 June 2019.

Related party transactions

The aggregate of the grant of the Fee Options and Scheme Options and issue of the Fee Shares to the directors of the Company and Uri Hartmann (as a director of a Company subsidiary) are related party transactions under rule 13 of the AIM Rules for Companies. In the absence of any directors independent of the transactions, the Company's nominated adviser, Allenby Capital Limited, considers that the terms of the transactions are fair and reasonable insofar as the Company's shareholders are concerned.

Board recommendation

The board has demonstrated its faith in the Company through the acceptance of reductions in salaries over the next nine months which will enable financial resources to be dedicated to acceleration of growth. In addition, the appointment of Martin Blair to the Board and David Avner as a senior adviser will provide excellent additional management resource to assist in achieving the Company's objectives. Accordingly, the board believes that the resolutions to be put to the AGM are in the best interests of the Company and shareholders as a whole and, accordingly, recommends that shareholders vote in favour of the resolutions.

Enquiries:

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