

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

Business Update

Starcom (AIM: STAR), which specialises in the development of wireless solutions for the remote tracking, monitoring and protection of a variety of assets, is pleased to provide an update regarding the progress made in recent months.

Good progress has been achieved across all fronts, cementing a strong foundation for sustainable future growth. The Company has employed a strategy of focusing on the higher end of the market, utilising its technological strength to address more sophisticated and technically demanding customer needs, where there is less competition and margins are higher.

The Company has received a new order from an existing customer in the Ukraine for US\$1.3 million of Helios units over a three-year period. An initial down-payment of US\$200,000 has been received against the first instalment of US\$435,000 payable by the customer. The order is for a new advanced Helios unit, with Bluetooth and CANBUS connection, which provides direct connectivity with a vehicle's computer to analyse a variety of vehicle and driver behaviour data. The additional Bluetooth module makes the Helios the central hub of the vehicle's IoT platform, with the possibility to communicate with other Bluetooth supported devices and sensors. This advanced Helios unit is expected to be operational by the end of Q1 2020.

The collaboration with Zero Motorcycles Inc. ("Zero") is ongoing and continues to demonstrate Starcom's technological advantage. Zero has stated that it expects an increase in sales of the electric motorcycles in 2020. Starcom's Helios technology is integrated within the Zero motorcycles to provide performance data to the rider as well as Zero, and to allow the manufacturer to deliver software upgrades remotely at the correct time.

The Company continues the successful implementation of its long-term contract with Israel Chemicals Ltd ("ICL"), a NYSE listed Israeli conglomerate and a global manufacturer of products based on unique minerals for the agriculture, food and engineered materials industries. ICL utilises Starcom's Kylos Forever technology to track and monitor its sensitive cargo as it is shipped in tanks around the world.

As previously announced, the board is pleased that Swiss International Airlines Ltd has given direct approval for the use of Kylos Air, supplied through Bosch Connected Devices and Solutions GMBH under its own brand, on its flights.

The Lokies were launched in April 2019 and the first product batch has been well received by customers. Lokies is a revolutionary Internet of Things (IoT) based padlock which can be operated remotely and does not require a key. The Company is running several 'proof of concept' schemes with customers globally which it is hoped will lead to sales. So far, 500 units have been delivered to a Russian client which have been successfully tested. The Company remains in discussions with this client in respect of potential further orders of Lokies units.

As reported earlier in the year, WIMC Solutions Inc. ("WIMC"), a US-based provider of real-time monitoring services for international shipping containers, placed a large order with the Company for its Tetis shipping container tracking device. The relationship between the two companies has become stronger over the course of this year and WIMC has recently confirmed that Tetis has been approved by the Paraguayan Department of Customs and Duty.

Finally, due to the increased device connections across the product range, the higher margin recurring revenues from its Software as a Service ("SaaS") are expected to continue to grow.

Avi Hartmann, CEO of Starcom, commented, "We are pleased that the initiatives taken during 2019 are beginning to show positive results and we are creating a firm base from which we expect to further

expand the business during 2020 and beyond."

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