

24 May 2016

ClearStar, Inc.
(“ClearStar” or the “Company”)

AGM Statement

ClearStar (AIM: CLSU and CLST), the technology and service provider to the background check industry, will be holding its Annual General Meeting (“AGM”) today at 10am EDT at the offices of Sutherland Asbill & Brennan LLP, 999 Peachtree St, NE, Suite 2300, Atlanta, GA 30309, USA. At the AGM, the Chairman of the Board will make the following statement:

Business & Trading Update

“As we noted in our full year results statement in March, we entered 2016 with strong revenue momentum – receiving increasing demand for our services across each of our divisions – and I’m pleased to report that this has continued. The development, and introduction, of new software functionality for existing clients is driving revenue growth alongside winning business from new clients. However, the revenue ramp of a substantial contract in our Medical Information Services (“MIS”) division that had been expected to occur in 2016 is now expected to fall into 2017. The delay is because the transfer of the Channel Partner client to the ClearStar platform is taking longer than anticipated due to alterations in the client’s requirements. As a result, we expect to report an increase in annual revenues of 20-25% in 2016, which is approximately 10% below market expectations.

“I am also pleased to report that the cost control measures and operational efficiency initiatives that we implemented in the second half of last year have resulted in better-than-expected cost savings, and we are on track for this to be maintained for the full year. As a result, we expect to achieve EBITDA positive for 2016, but, due to the lower-than-expected revenues, we anticipate this will be significantly below market expectations.”

Launch of ClearID & ClearContact

“We have continued to strengthen the foundations of our business – in particular, our technology offering, which is our core strength. As noted previously, last year we completed the development of our biometric recognition software and a device agnostic solution with electronic address book, which, today, we are officially launching as ClearID and ClearContact respectively.

“Using ClearID, employers can quickly, on the spot, verify the identity of a labourer by taking a photo of their face and their government-issued photo ID. ClearID then validates the ID and matches the candidate to it, returning actionable, compliant results in under five minutes. ClearContact is a one-stop shop for employers to organise their casual labour workforce, schedule them for work, and track the progress and results of any background screening services requested. Aimed for use on mobile devices, these solutions are designed to increase the speed and efficiency of the recruitment process, whilst enhancing the applicant screening experience, which is particularly beneficial for remote hiring and when large numbers of temporary workers are employed on a sustained basis. In-keeping with our efforts to globalise our technology and services, ClearID can be supported in over 130 countries. We believe these solutions are a first in the background screening industry.”

Patent Filing

“Similarly, to protect our IP, we recently filed for a provisional patent for our WebCCF drug testing product. WebCCF has revolutionised the online fulfilment of drug and alcohol tests for human resource managers with a paperless chain of custody that expedites the on boarding of new hires and efficiently manages the ongoing compliance testing of the workforce. The latest update of the software leverages the large footprint of over 4,500 collection sites to provide clinical testing screening in an effort to automate and remove bottle necks from the management of a fluid workforce.”

Strategic Review

“The Board continually reviews its options and opportunities for growing the business and maximising shareholder value. To assist this process, the Board has appointed Croft & Bender LP as financial adviser to the Company to conduct a strategic review (the “Strategic Review”) to help the Company evaluate options that would enable ClearStar to accelerate the development and sales of our market-leading technology and solutions. The Board has commenced discussions with a number of interested parties, all of which are at a preliminary stage and may or may not lead to an acquisition of a proportion, or all, of the Company’s securities. The Board confirms that it would not entertain any indications of interest that did not represent a significant premium to the current market value of ClearStar.

“As a company registered in the Cayman Islands, ClearStar is not subject to the UK City Code on Takeovers and Mergers. We will update the market with any material development with the Strategic Review, as appropriate.

“The Board and management of ClearStar remain excited about the Company’s growth prospects. We look forward to reporting further operational progress and technological achievement at the time of the interim results, which are expected to be announced in September.”

Total Voting Rights

The Company confirms that it has 36,302,900 ordinary shares with a nominal value of US\$0.0001 in issue and admitted to trading on AIM under the ISIN KYG2294M1050 and ISIN KYG2294M1134.

Enquiries

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About ClearStar

ClearStar, Inc. is a leading and trusted background check technology, strategic services, and decision-making information provider to employers and background screening companies.

A seven-time Inc. 5000 honouree and founding member of the National Association of Professional Background Screeners, ClearStar has provided innovative technology solutions to businesses in the human capital management industry from its corporate offices in Alpharetta, Georgia since 1995. For more information about ClearStar, please visit: www.clearstar.net.