

12 October 2015

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

Business and Trading Update

ClearStar, Inc. (AIM: CLST), the technology and service provider to the background check industry, provides the following update on trading and outlook for the current and 2016 financial years.

As stated in the H1 2015 results announcement on 22 September 2015, ClearStar entered the second half of 2015 with a greater sales pipeline than at the same point in the prior year and progress was maintained in all of its divisions.

In particular, the Direct Services division continued to expand its customer base, including winning a contract, as previously announced, with one of the world’s largest cash handling services companies. The contract is already at a revenue run rate of approximately \$250,000 on an annualised basis. As previously stated, in the third quarter the Company’s Global Division was awarded its first multilingual order, in France, for employment and residential screening. Significantly, ClearStar continued to progress the implementation of a customised, white-labelled solution for a world-renowned, leading global risk management consultancy headquartered in the UK, and the contract is due to commence generating revenue in Q4 2015. As a result, the Company is on track to report significant growth in revenues for the year, broadly in line with market expectations, and achieve EBITDA around breakeven for H2 2015, as stated previously.

In conjunction with ClearStar’s strategy of focusing its efforts to invest in growth opportunities, capitalised software investment was accelerated, leading to higher non-cash amortisation charges. As a result of this increase, combined with a decrease in estimated income tax liabilities due to the previously-stated delay in profitability, the Company expects to report a loss after taxation of approximately \$2.3 million for the current financial year. However, the Company expects to report profit-after-tax above market expectations for the 12 months ending 31 December 2016 as it anticipates preserving a full allowance on net deferred income tax assets.

The Board believes that the underlying fundamentals of the business remain strong and demand for its services across its divisions continue to increase. Furthermore, as a result of the restructuring announced earlier, it has the right people focused on the right markets at a greatly reduced cost base. Consequently, the Board remains confident of achieving sustained growth and of delivering value to shareholders.

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.