

26 January 2017

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

Trading Update

ClearStar (AIM: CLSU and CLST), the technology and service provider to the background check industry, is pleased to provide a trading update for the twelve months ended 31 December 2016.

Full year 2016 was characterised by the Company achieving solid results as it maintained its traditional client base and successfully responded to the changing demands from the ever-increasing ‘gig economy’, enabling it to gain market share from its competitors. As a result, the Company expects to report revenues of not less than \$16 million for full year 2016, in line with market expectations. Highlights of the year include:

- Significant progress in direct services resulting in expected year-on-year direct revenue growth, excluding clients from the SingleSource acquisition, of approximately 77%.
- Successful in targeting larger, higher-volume direct clients, with particular demand in the transportation industry due to the increasingly casual and transitory nature of the market.
- Strengthened direct services sales team, along with the introduction of the new ClearID and ClearContact solutions, resulting in growth in organic direct services revenues mitigating the drop in revenues due to attrition of smaller clients gained through the SingleSource acquisition (as stated in the interim results announcement of 27 September 2016).
- Benefitted from the development of its global platform to satisfy interface, compliance and architectural demands outside the US, and the Company expects meaningful revenue contribution from its global customers in 2017.
- Increased demand for ClearStar’s technologically-differentiated suite of products and solutions from its indirect client base, where the Company provides its services on a white label basis via a Channel Partner or Consumer Reporting Agency.

Outlook

The Company entered 2017 with a stronger client base and more comprehensive service offering compared with last year. ClearStar now provides a suite of advanced services, directly and indirectly, on a global basis. With increasing demand for its direct services, the Company expects direct sales to drive overall growth, as the fluidity of the labour market continues to expand thereby providing new opportunities for revenue generation.

Further details will be provided in the full year results announcement, expected in late March 2017.

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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.

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.