10 January 2018

ClearStar, Inc.
("ClearStar" or the "Company")

Trading Update

ClearStar (AIM: CLSU), the technology and service provider to the background check industry, provides the following update on trading for the twelve months ended 31 December 2017.

During the second half of the year, the Company maintained the momentum from the first half of 2017, driven primarily by increasing direct sales and demand for its medical information services. ClearStar also continued to upscale its direct client base, winning contracts with large, well-established businesses, and made substantial progress with the on-boarding of those customers. As a result, the Company expects to report revenue growth and reduced loss before tax for full year 2017 in line with market expectations. Highlights of the year include:

- ClearStar expects to report full year 2017 revenue growth of approximately 11% year-on-year to $17.8 million (FY 2016: $16 million), in line with market expectations.

- Growth was driven by the Company's direct services, which increased in revenue by 21% year-on-year, with sustained upscaling in the direct client base and particular demand from the transportation, on-demand labour and education sectors for background screening services:
  - o Direct sales growth was primarily due to the number of active direct client accounts increasing 18% year-on-year.
  - o The number of people screened by ClearStar for direct clients increased 26% year-on-year.

- Medical information services (which are delivered directly and through channel partners) continued to serve as a key growth driver for the Company, with sales increasing 20% year-on-year, and remained a large contributor to overall revenues accounting for 38%:
  - o The Company continued to leverage its technologically-differentiated solutions to attract and service larger, higher volume clients. Notable contract wins include IntelliCentrics, a leading provider of healthcare vendor credentialing that has over 10,000 distinct installations across the US, Canada and the UK, with significant progress being achieved in the on-boarding of this customer during the year.

- Global services achieved strong growth, with revenue increasing 90% year-on-year to now make a meaningful contribution to total sales, primarily due to the supply of international records for channel partner clients.

- Sales to channel partners – indirect services – grew by 8% year-on-year, which was driven by increased demand for medical information services and also supported by the growth in global services.

- As announced on 25 October 2017, the Company secured a competitively-priced recurring revenue credit facility with Silicon Valley Bank for up to $5 million for working capital purposes to support the growth of the business. The Company ended the year with approximately $1 million of net cash, in line with market expectations, and still has the full facility available.

Further details will be provided in the Company's full year results announcement, which is expected to be released in late March 2018.

Enquiries

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This Announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 ("MAR").

About ClearStar

ClearStar, Inc. is a leading and trusted background check technology, medical screening, 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.