23 January 2019

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

Trading Update and Directorate Change

ClearStar, Inc. (AIM: CLSU), the technology and service provider to the background check industry, provides the following update on trading for the year ended 31 December 2018.

The Company expects to report its highest ever annual revenue and achievement of positive EBITDA, both in line with market expectations. Highlights of the period include:

- Annual revenue growth of approximately 13% to $20.1m (2017: $17.8m) with acceleration throughout the year – H2 2018 revenue was 15% higher than H2 2017

- Adjusted EBITDA positive for full year 2018 compared with a loss for 2017

- Strong revenue growth in direct services business channel of 28% year-on-year – accounting for approximately 30% of total revenue (2017: 26%) – with H2 2018 direct services revenue being 34% higher than H2 2017

- Expanded tier 1 direct client base – winning new customers such as Parsons Corporation and Stevens Worldwide Van Lines

- Medical information services ("MIS") continued to be the primary growth driver by service offering, with revenue increasing 25% year-on-year and accounting for 41% of total revenue (2017: 37%)

- Strengthened the Company's foundations for accelerated future growth through product development, integrations and enhanced sales team:
  - o Significantly expanded the direct sales team in the second half of the year, resulting in increased pipeline
  - o Now the only provider offering paperless medical screening with a fully-customisable user platform across all three major laboratories in the US following integration with Alere, Inc.
  - o Achieved "touchless" automated integration with SAP® SuccessFactors® Recruiting
  - o Gained further routes-to-market through partnerships with Veritas Prime and iCIMS Inc.
  - o Enhanced MIS product offering with launch of self-service portal for ordering drug and clinical tests that enables customisation and management by channel partners

Directorate Change

The Company also announces that Mr David Pattillo has decided to step down from his position as the Company's Chief Financial Officer and as a Director to pursue his other interests. Mr Pattillo will continue to work with the Company on certain special projects and initiatives on an ad hoc basis. Ms Jennifer Balleza, who has been the Company's Financial Controller since June 2014 prior to the IPO, has been appointed Interim CFO.

Robert Vale, CEO of ClearStar, said: "This was a great period for ClearStar as we achieved our highest ever annual revenue and positive EBITDA with growth accelerating throughout the year. This momentum has

been sustained into the current year and, as a result, we now expect to achieve full year 2019 revenue growth of approximately 15%, which is comfortably in line with market expectations. We are at a true inflexion point as the increase in our brand awareness and value, combined with a strengthened sales function, are enabling us to successfully target larger, higher-volume customers.

"On behalf of the Board, I would like to thank David for his invaluable contribution to ClearStar. During his time as CFO, we have transitioned to becoming a public company, solidifying our strategy and are now in a stronger position than ever before. We wish him all the best for his future endeavours."

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

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.