

17 July 2020

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

Trading Update

ClearStar (AIM: CLSU), a provider of Human Capital IntegritySM technology-based services specialising in background and medical screening, provides the following update on trading for the six months ended 30 June 2020 and the impact of COVID-19.

As previously announced, having entered 2020 with its highest ever order book and a healthy pipeline, the COVID-19 outbreak impacted the Company's business due to the widespread job losses and freeze on recruitment. However, ClearStar experienced a significant uptick in revenue run rate from the end of May, which has continued throughout June and into July 2020. As a result, revenue for the first half was \$8.9m (H1 2019: \$11.6m). The Company is pleased to report that revenue for June 2020 was 74% higher than for April 2020 and returned to the same level of revenue seen in February 2020. The growth in revenue from May is primarily from financial institutions preparing for a return to normal employment levels, business staffing companies as well as an increase in demand for Medical Information Services.

The Company has continued to maintain tight control over costs. As a result of the increased revenue combined with the decisive mitigation measures implemented at the start of the outbreak and ongoing cost control, ClearStar was able to return to generating positive EBITDA for May and June. Consequently, the Company has continued to reduce net debt to \$1.4m as at 30 June 2020 and increase available funds to \$2.2m at that date. The Board remains confident that the Company has sufficient funds to remain viable for the foreseeable future.

Overall, during the period, ClearStar made significant progress with the onboarding of previously-won customers and continued to generate new business, and is greatly encouraged that it has not lost a single customer throughout the pandemic. The growth in revenue from the end of May was driven, in particular, by the ramp up in volume of one of the three new financial institutions that ClearStar was appointed to this year, which is a sizeable, household name investment bank, and by an HR business outsourcing customer. The latter customer, which has a market cap of \$2.6bn, operates from 70 offices throughout the US and typically fills more than 4,000 recruitment positions per year. It appointed ClearStar in H2 2019 and has been increasing in volume throughout H1 2020, which the Company expects to continue as businesses transition to more flexible working.

During the first half of 2020, a notable customer win, as previously announced, was a NASDAQ-listed company that provides technology testing and industrial automation. The onboarding of this customer is nearing completion and the Company expects to commence generating revenue by the end of this month.

In addition, at the end of the first half of 2020, ClearStar signed an agreement for an integration with a provider of end-to-end technology solutions for home healthcare agencies and community organisations. This integration, once live later this year, will enable users of the platform in the US and Canada to seamlessly, through a single platform, utilise ClearStar's background screening services alongside their other operational activities for workforce and business management. This represents the addition of another route-to-market in a key industry for ClearStar, where it has been receiving increasing demand as the COVID-19 outbreak is driving greater reliance on home care.

To meet this sustained return in demand, a number of the Company’s employees are now working from its office in Georgia and its employees in Florida will be imminently returning to the office, with appropriate health and safety measures in place throughout.

Robert Vale, CEO of ClearStar, said: “We are greatly encouraged by the strong recovery in revenue since the peak of the crisis. The areas that are driving this growth – business outsourcing, financial institutions, home healthcare – are well-positioned for the current environment and the changing needs of workplaces and individuals. We have continued to win and onboard customers, and secured an important new integration that will expand our presence in home healthcare. Thanks to the decisive action we took in response to the outbreak, we have been able to generate cash to increase our available funds and sustain our business. At the same time, the long-term trends in background screening remain supportive – with employers increasingly screening more employees, with more detailed searches and at more occasions during the employee lifecycle than just recruitment. Consequently, the Board remains optimistic about the future and thanks shareholders for the ongoing support.”

The Company will provide further details in its interim results announcement, which is expected to be issued in September 2020.

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About ClearStar

ClearStar, Inc. is a leading provider of Human Capital IntegritySM technology-based services specialising in background and medical screening. It provides employment intelligence direct to employers and via channel partners/consumer reporting agencies (“CRAs”) to support better recruitment and other decisions affecting employees by increasing the quality, reliability and visibility of information.

A seven-time Inc. 5000 honouree and founding member of the Professional Background Screening Association, 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.