

Costar Technologies, Inc. 2017 In Review

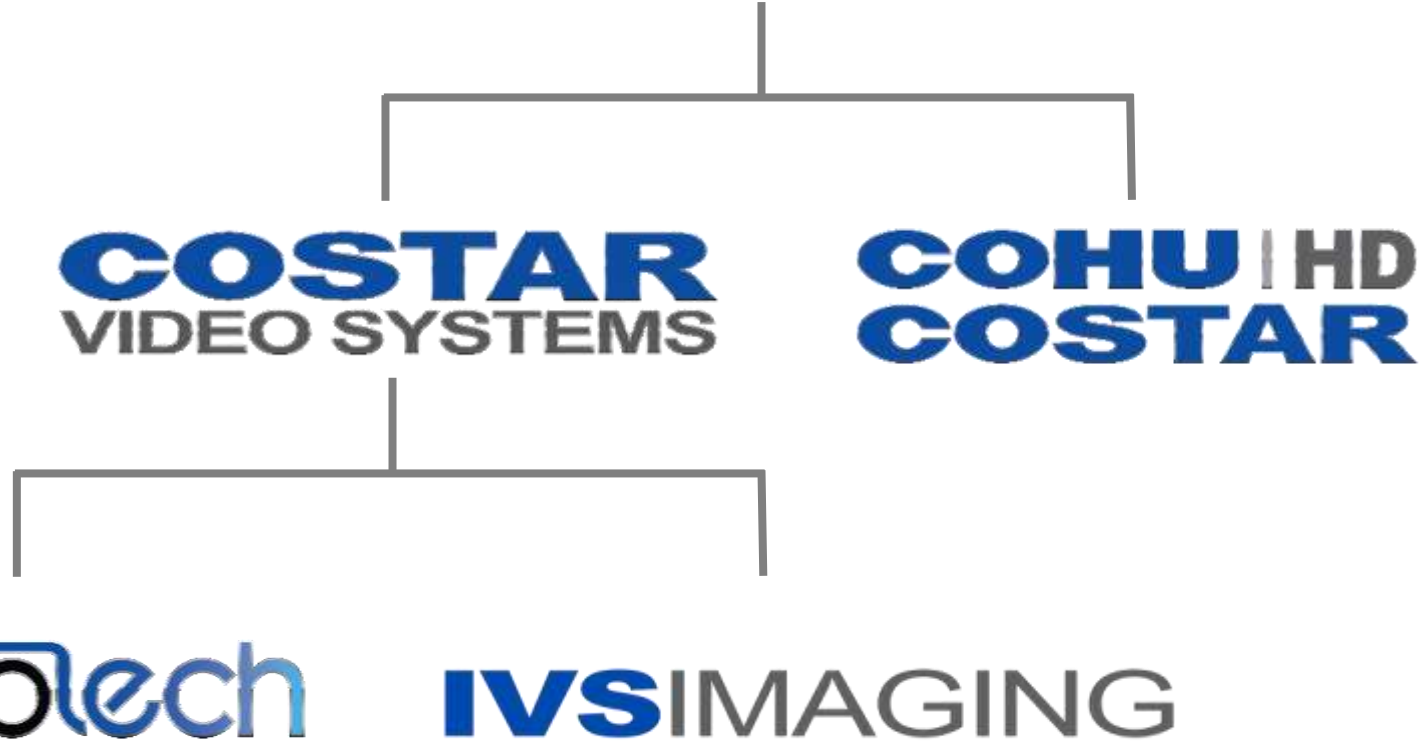
COSTAR
TECHNOLOGIES, INC.

Cautionary Statement



This document contains forward-looking statements that involve risks and uncertainties, as well as assumptions, that if they never materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements generally are identified by the words “expects,” “anticipates,” “believes,” “intends,” “estimates,” “should,” “would,” “strategy,” “plan” and similar expressions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The risks, uncertainties and assumptions include developments in the marketplace for our products, competition, related products and services and general economic conditions, as well as other risks and uncertainties. Accordingly, we cannot give assurance that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations or financial condition of the Company.

COSTAR TECHNOLOGIES, INC.



Costar Video Facility

Coppell, Texas



COSTAR
VIDEO SYSTEMS

CohuHD Facility

San Diego, California



COHU | HD
COSTAR

Innotech Facility

Pompano Beach, Florida



Markets

Costar Technologies develops, designs, and distributes a range of video surveillance solutions.

Our product portfolio consists of video management software (VMS), surveillance cameras, network video recorders (NVRs), digital video recorders (DVRs) and more.



Retail / Distribution

- Entertainment
- Distribution
- Grocery Stores / Pharmacies



Financial

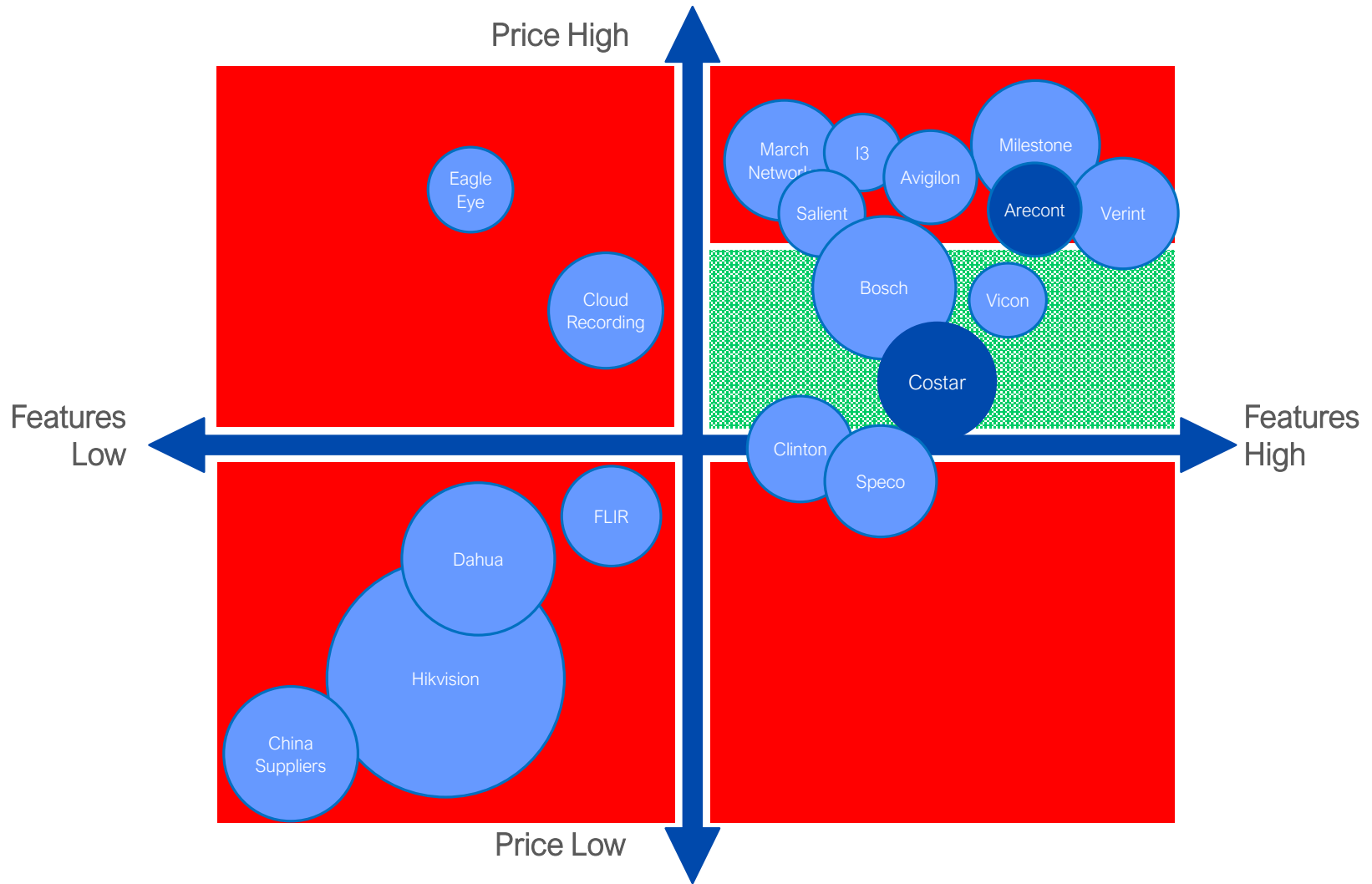
- Banks / Credit Unions
- ATM's



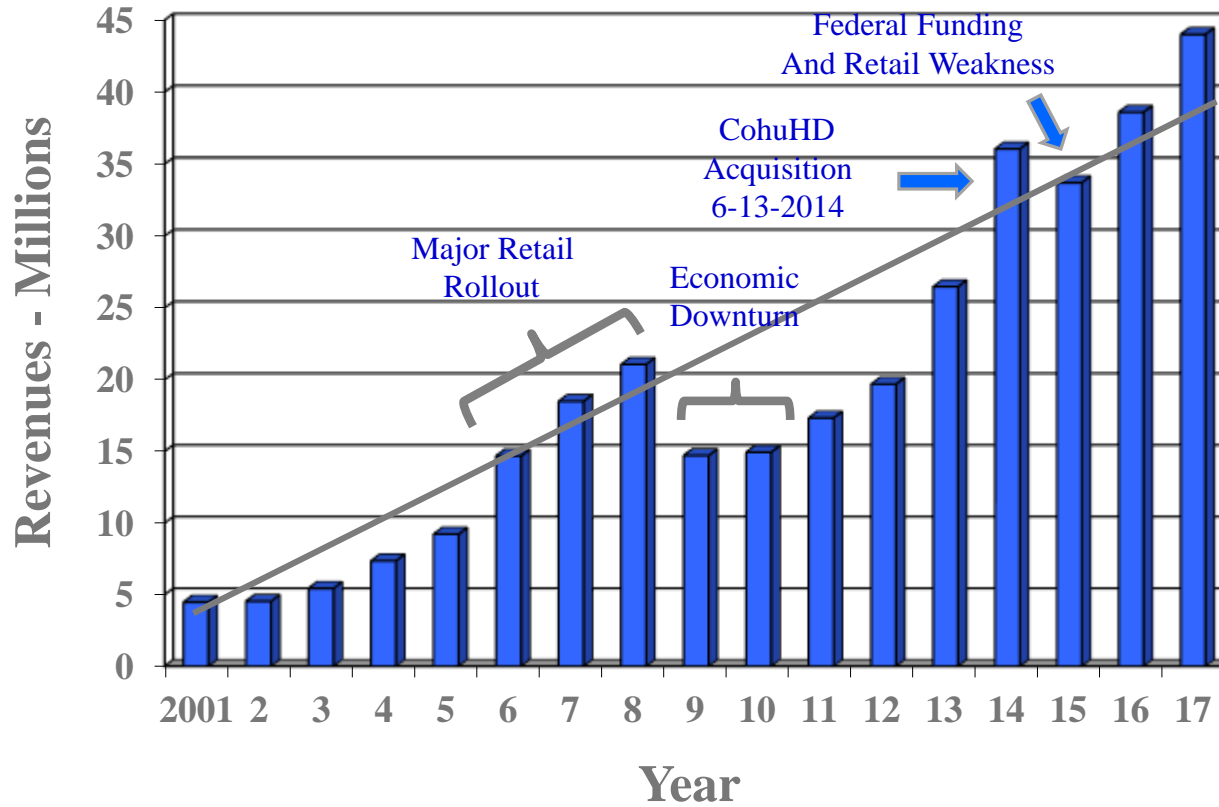
Transportation/Defense

- Incident Management
- Border/Port Surveillance
- Military Bases

Market Competitive Analysis



2011 – 2017



Worldwide Ranking

50 SECURITY

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'17	Company	Main Product Group	Revenue (in US\$ millions) 2016	Revenue Growth 2015-2016
North America				
6	FLIR SYSTEMS (Surveillance and Security)	Video Surveillance	\$772.5	5.9%
7	JOHNSON CONTROLS/TYCO SECURITY PRODUCTS	Multiple	\$760.0	-1.9%
9	ALLEGION (Electronic Products and Access Control)	Access Control & Locks	\$446.2	7.9%
12	AVIGILON	Video Surveillance	\$280.7	23.0%
13	INFINOVA	Video Surveillance	\$272.2	-1.1%
26	NAPCO SECURITY SYSTEMS	Multiple	\$82.5	6.1%
34	IDENTIV	Access Control	\$56.2	-7.6%
40	COSTAR TECHNOLOGIES	Video Surveillance	\$38.6	14.5%
43	VICON INDUSTRIES	Video Surveillance	\$35.8	-20.3%

Source: www.asmag.com

Marquee Customers

National Accounts



Financial Accounts



Marquee Customers

Transportation



Defense



Critical Infrastructure



Marquee Customers

National Integrators



End User Accounts



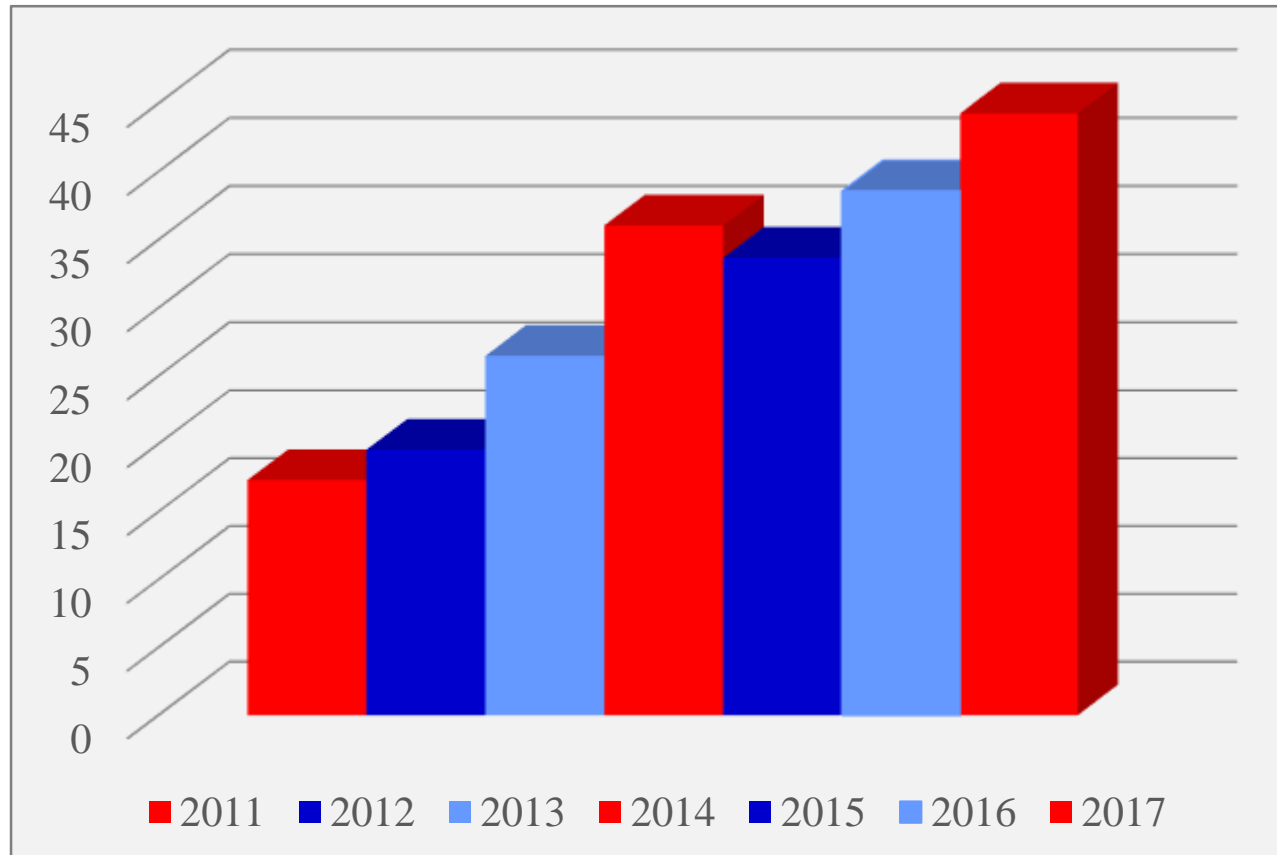
2015 - 2017

Year	2017		2016	2015	Variance
Revenues	\$ 44.27 M	↔	\$ 38.60 M	\$ 33.68 M	14.69 %
Gross Margin	\$ 17.84 M	↔	\$ 14.81 M	\$ 13.56 M	20.46 %
GM %	40.3 %		38.4 %	39.2 %	
Operating Expenses	\$ 13.56 M**	↔	\$ 13.17 M*	\$ 12.12 M	2.96 %
Oper Exp %	30.7 %		35.5 %	36.0 %	
Operating Income	\$ 4.28 M**	↔	\$ 1.13 M*	\$ 1.08 M	278.76 %
EBITDAR	\$ 3.73 M	↔	\$ 2.04 M	\$ 1.62 M	82.84 %

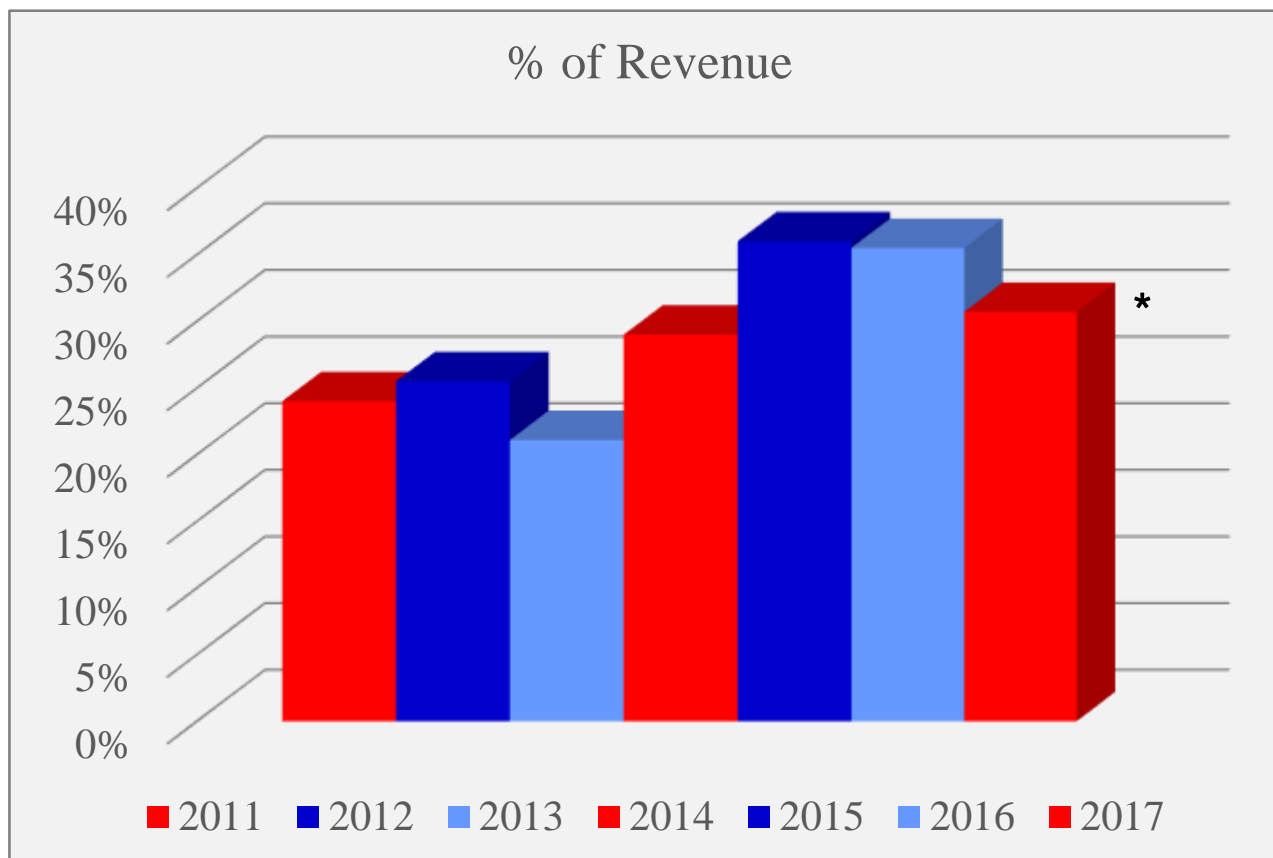
* Includes \$0.300M in transaction expenses

** Includes \$0.068 M in transaction expenses and \$2.07 M expense reduction relating to the change in fair value of contingent purchase price

Year Over Year Revenue Growth

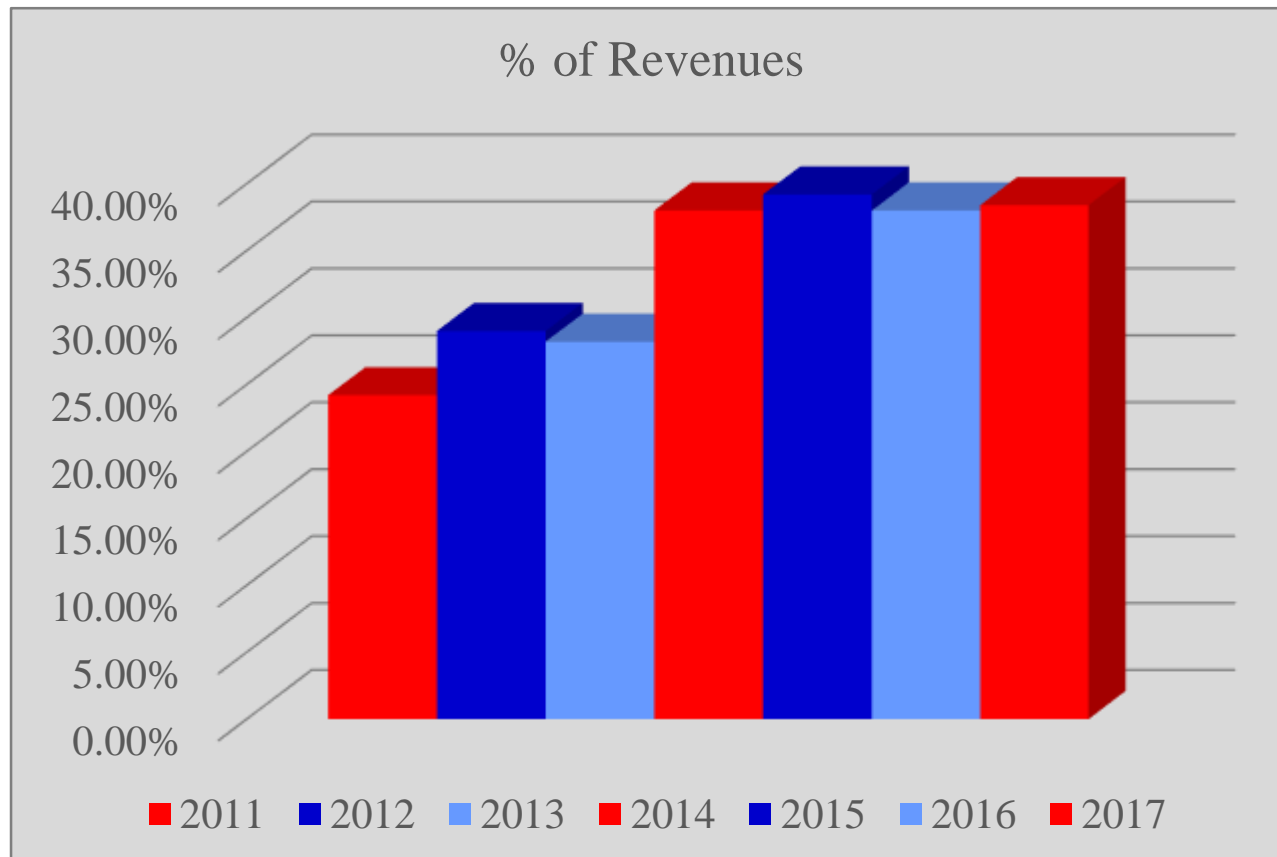


SG & A

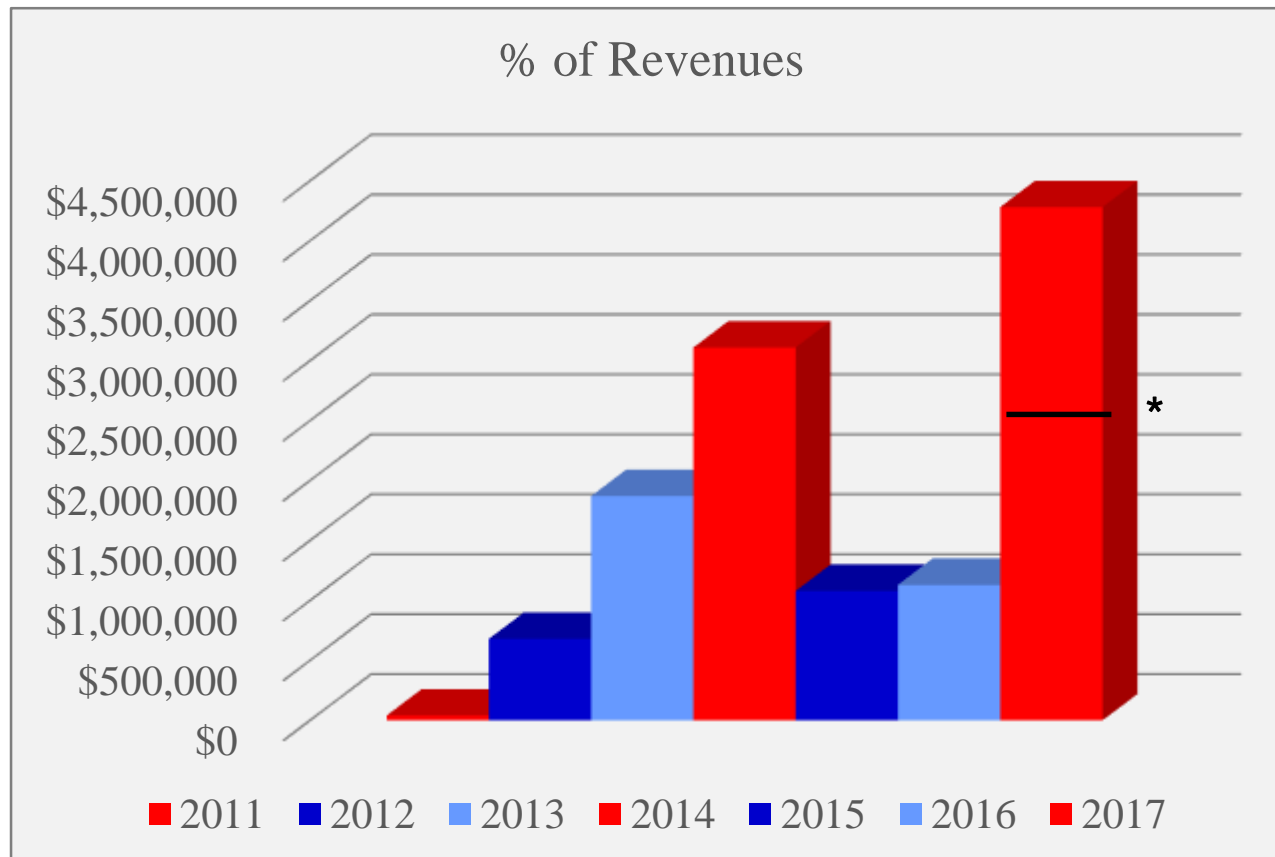


* Includes \$0.068 M in transaction expenses and \$2.07 M expense reduction relating to the change in fair value of contingent purchase price

Gross Profit Margin



Operating Income



* Includes \$0.068 M in transaction expenses and \$2.07 M expense reduction relating to the change in fair value of contingent purchase price

Operating Strategy

- Continue to Diversify Our Customer Base and Reduce Customer Concentration

- Continue to Transform CSTI Image From A Value Added OEM Reseller to Manufacturing and Design
 - The Innotech acquisition increased our manufacturing and design divisions to 50% of our revenue

Operating Strategy



- Utilize Our Efficient Market Channel Economics and Established Channel Partners to Grow our Non-Concentrated Customer Base
- Provide Superior Customer Service, Engineering Design, Sales, Technical Support, and Training To Our Internal and External Customers