



COSTAR

TECHNOLOGIES, INC.

Overview Presentation

December 15, 2022



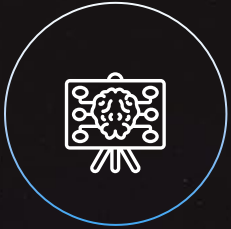
Presentation for
Imperial Capital[®]

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 Technologies Overview



Intellectual Property

20+ Patents



Channel Partners

Channel Partner Network of
over 1,200 Distributors and
Systems Integrators around
the World



Professional Team

100+ Employees



Security Manufacturer

Innovative Designer and
Manufacturer of Commercial
Security Devices



ISO

ISO 9001 Certified

Costar Technologies Overview

Based in Coppel, Texas, Costar Technologies, Inc. designs, develops, manufactures, and distributes a full range of video surveillance products, providing solutions across a wide span of industries. Comprised of AV Costar, CostarHD, Costar Video Systems, and Innotech Security. Costar brands have been leaders in the video surveillance industry providing solutions for over 20 years. With production facilities in Coppel TX, San Diego CA, and Pompano Beach FL.



AV COSTAR™

Clovis, California
Coppel, Texas



COSTAR HD
HIGH PERFORMANCE
CAMERA SYSTEMS

San Diego, California



COSTAR
VIDEO SYSTEMS

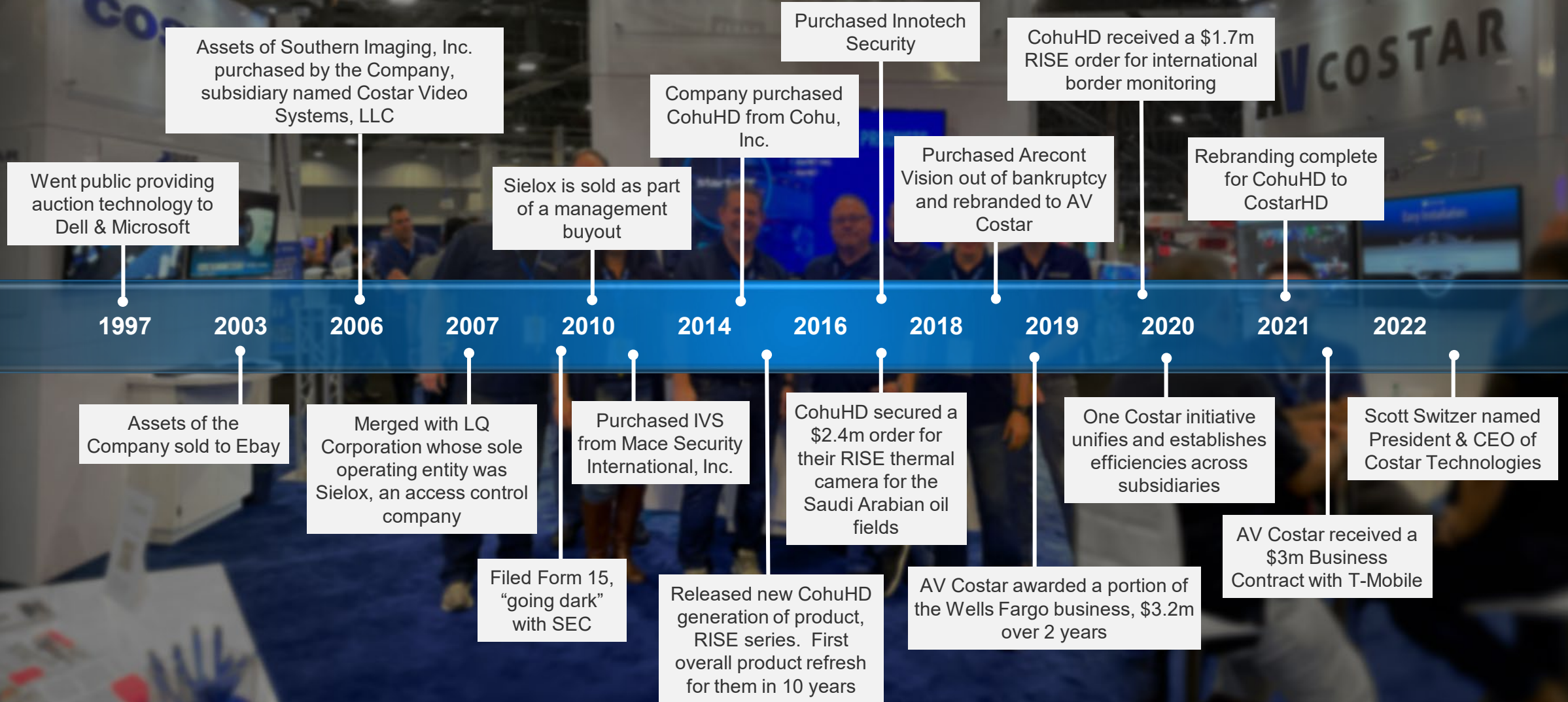
Coppel, Texas



innotech®

Pompano Beach, Florida

History



Leadership Team



Scott Switzer

President & Chief Executive Officer

Appointed President and Chief Executive Officer by the Board of Directors of Costar Technologies, Inc. on June 2, 2022. Mr. Switzer has been serving as the Company's Interim President and CEO since April 2020. He held the position of Chief Operating Officer beginning in 2018, while retaining his earlier responsibilities as Chief Financial Officer and Secretary of the company, to which he was first named in 2011. Beginning his career with the company in 2001, Mr. Switzer became controller in 2008 after previously holding the same assignment for Costar Video Systems, LLC. Prior to joining the company, he served as a consultant with Accenture. Mr. Switzer holds a BBA from the Hankamer School of Business at Baylor University.



Sarah Ryder

Chief Financial Officer

Joined Costar Technologies, Inc. as Corporate Controller in September 2015. Her operational and financial background includes serving as Risk and Advisory Services Manager at CBIZ, managing client relationships, overseeing staff performance, defining & delivering business solutions, and providing both Sarbanes-Oxley assistance and Internal Audit outsourcing solutions. She previously served as Senior Internal Auditor for Cricket Communications, and as Audit & Consulting Supervisor for McGladrey. Ms. Ryder is a Certified Public Accountant and holds a BS, Accounting from the University of Illinois at Chicago.



Kristen Plitt

EVP of Marketing & Operations

Joined Costar Technologies Inc. in October of 2019. Plitt brings significant career experience to the company with awareness of both the opportunities and the challenges of a US-based manufacturer. Her background includes over 9 years in the security industry starting with Pelco in 2013, with assignments in sales programs, video business marketing, global sales marketing, and global customer relations. Plitt also had a prior career in sales operations and marketing over a nearly 11-year period for a Clovis-area manufacturing business. Prior to her sales and marketing career, Plitt earned both a BA and Masters degree from California State University - Fresno.



Mike Rose

Vice President of Sales

Joined Costar Technologies, Inc. as VP of Sales for Security Products for Costar Video Systems in July 2006. He received a Bachelor of Science degree from East Central Oklahoma State University and began a career in Video Technology Marketing in 1992. He has held several key sales, marketing and product management roles from companies including Ultrak Inc, Honeywell Video Systems and an Advanced Technology Video.



ONE COSTAR

One Company | One Culture | One Costar

AV COSTAR™

COSTAR
VIDEO SYSTEMS

COSTAR
HIGH PERFORMANCE
CAMERA SYSTEMS **HD**

innotech

One Costar Focus

Keeping our customers at the forefront of everything we do

Unified Engaged Organization

- Streamlined subsidiaries and leveraged existing talent across consolidated functional areas
- Unified AVC and CVS production and shipping centers to Coppell, TX increasing our responsiveness to customers and partners
- Implemented an integrated solution via Netsuite for demand planning to manage supply chain and logistics constraints and provide improved forecast visibility

World Class Customer Service & Support

- Over 700+ self-help Knowledge Base Articles published on our website providing customers with the most current support and content
- Unified Accounting, Inside Sales, and Technical Support groups from brand-specific to One Costar ensuring increased support
- Unified CRM across subsidiaries



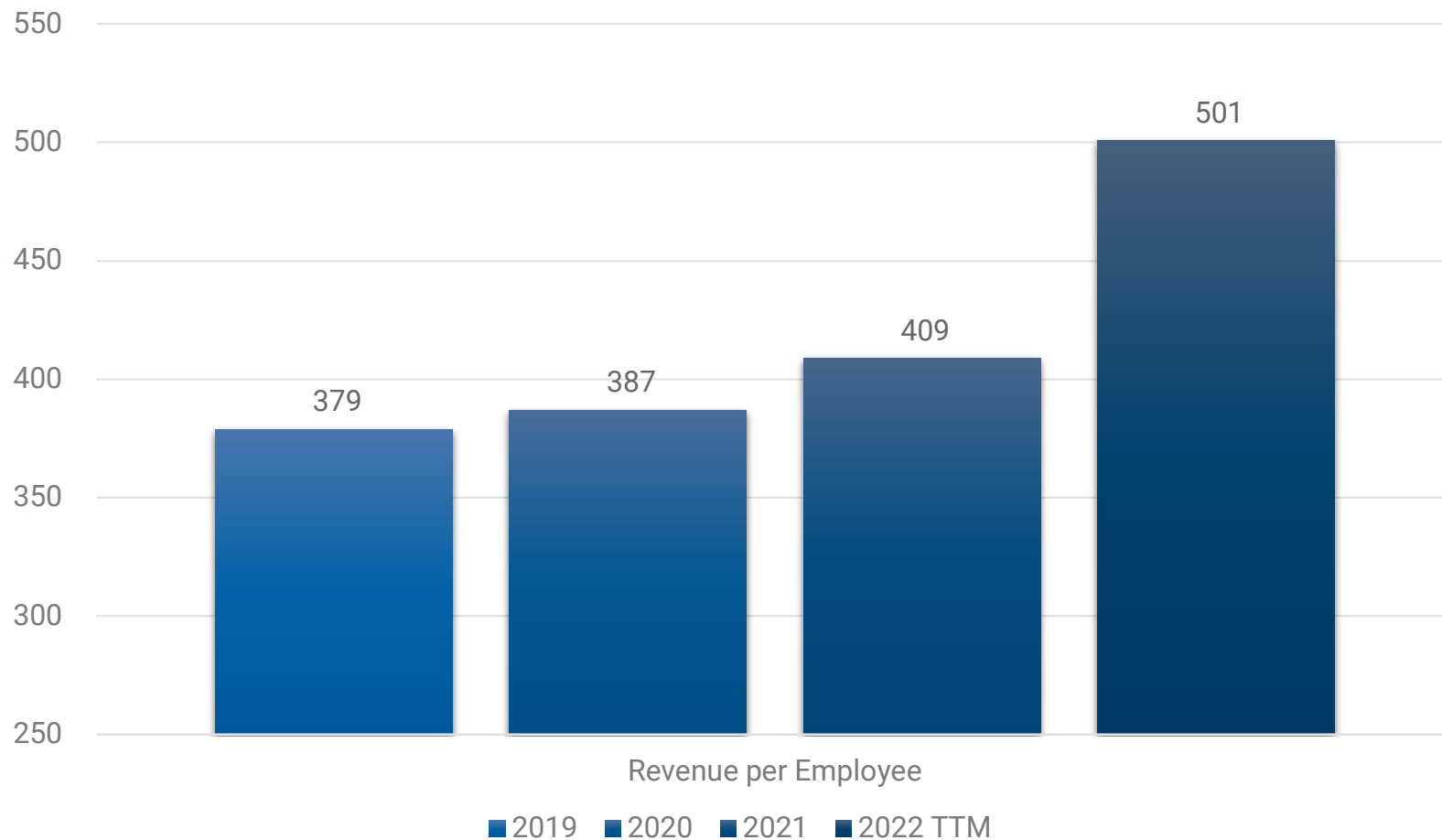
Quality & Reliability

- The Clovis based Advanced Technology Center has become the center of excellence for all Costar brands relating to test engineering and Integrations
- Improvements in product quality and associated processes resulted in over an 80% decline in warranty expenses over the last three years

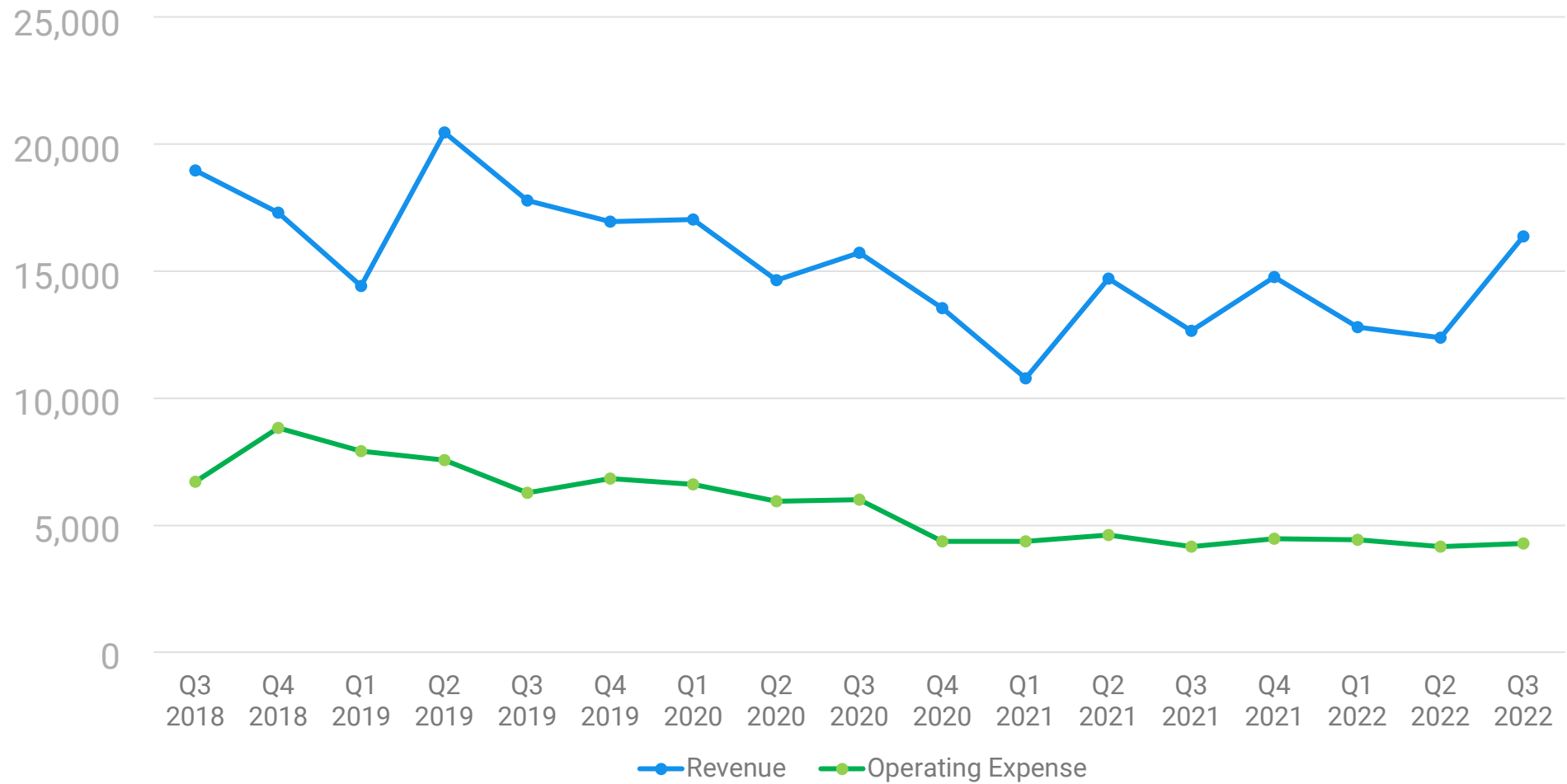
Innovation

- Launched an extensive selection of interoperable NDAA and TSA compliant products across all brands offering more product selection for our customers needs
- Released advanced intelligent traffic analytics on RISE series cameras helping customers to optimize network performance and make better business decisions

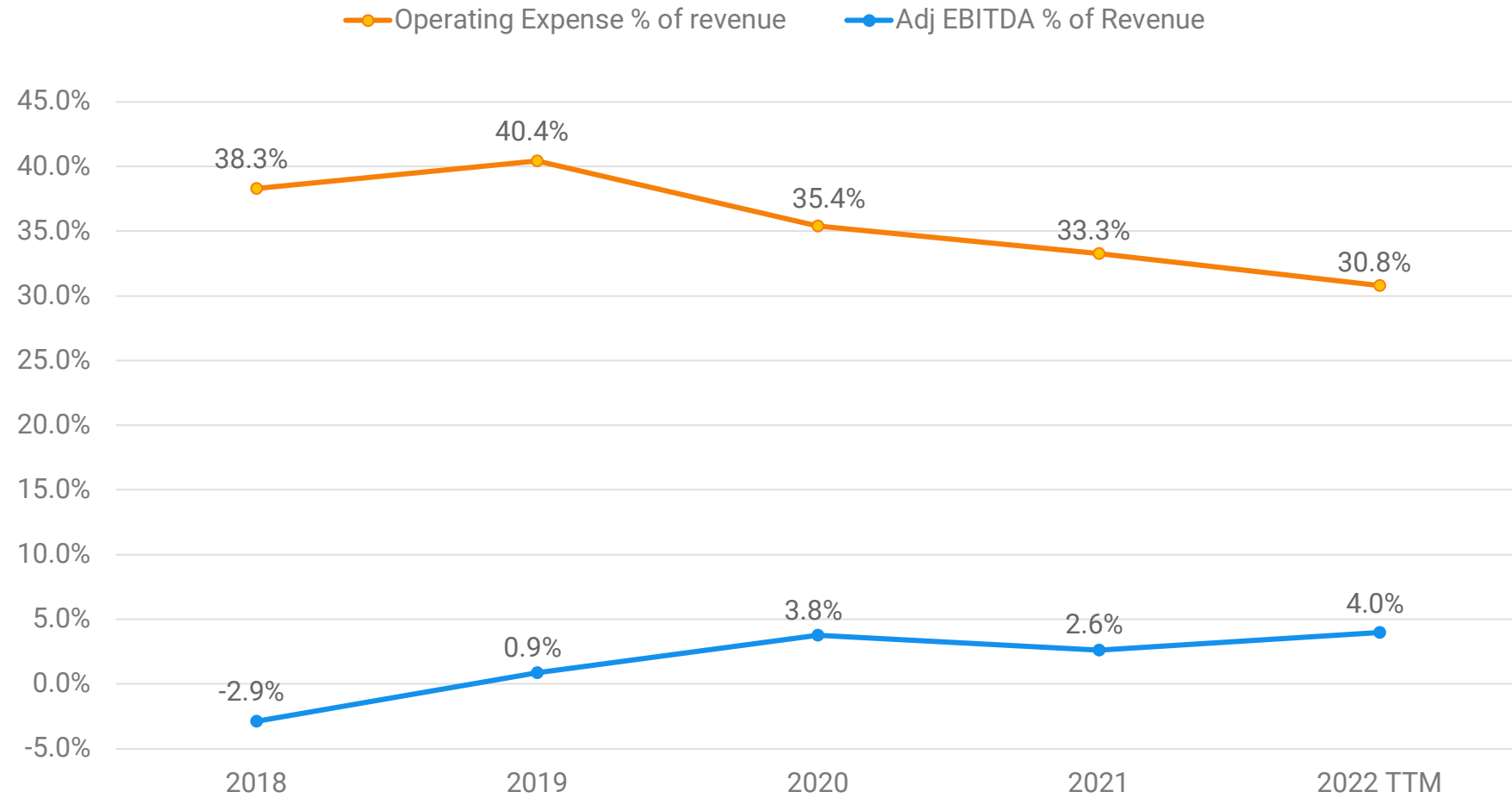
Financial Overview



Financial Overview



Financial Overview



Financial Overview

Backlog



Opportunity



Attractive Underlying Industry Dynamics

- Video Surveillance is among the fastest growing segments within the Physical Security Equipment and Services market.
- Demand for higher-definition video surveillance is driving the market for network cameras and HD CCTV cameras.

Expansive End Markets and Blue-Chip Customer Base

- Costar's end-user customer base includes Apple, CVS Pharmacy, Publix, Rooms To Go, Sprouts, T-Mobile, Wal-Mart, and Wells Fargo.
- Costar is uniquely in tune with a diversified range of end markets via its acquisitive history, broad product portfolio, and market development efforts.

Ideal Technology Partner

- Costar's position as a large, independent US manufacturer makes them an attractive partner for technology leaders.
- Technology partnerships in VMS and Analytics have created a more complete solution for the Company.

Diversified, Global Network of Distributors and Dealers

- The Company utilizes 100+ distributors, including ADI, Anixter, ScanSource and Wesco.
- Costar has strong relationships with 1,000+ systems integrators such as Securitas, ADT and Johnson Controls Inc.





Comprehensive Product and Service Portfolio

- Costar's portfolio consists of surveillance cameras, recorders, monitors, lenses, cables, and other electronic accessories.
- Commercial cameras come with embedded video analytics, such as motion detection and intrusion, embedded AI, vehicle identification capabilities, and other patented technology.

Strong Management Team & Internal Culture

- Capable and exceptionally experienced management team with over 60+ years of combined industry experience.
- Management has been able to retain long tenured employees from companies they acquired and views its focus on cultural and human capital as increasingly valuable in an industry that places a premium on thought leadership.

Costar Brand Overview

Brand	09/30/22 TTM (% of total)	Description
	\$22.2m 39%	Costar Video Systems meets a full spectrum of surveillance needs with an OEM product line featuring the StarNet VMS solution. StarNet is highly scalable and fully integrated network video surveillance solution for both large enterprise and small business customers, creating ease of installation and providing a rich feature set of powerful analytics and recording options.
	\$14.7m 26%	AV Costar's portfolio consists of both OEM and Made in the USA product lines catering to large enterprises. AV Costar maintains and continues to grow deep relationships with other leading security industry software and hardware partners providing our customers with interoperable products and seamless integrations.
	\$13.9m 25%	CostarHD products are designed and assembled in San Diego, California, providing the most reliable, ruggedized surveillance cameras with high powered optics, image enhancement features, and pressurized enclosures with IP67 and IP68 ratings for the harshest of environments. CHD cameras monitor the most critical, sensitive environments such as border security and transportation, specifically Traffic (ITS), Maritime, Seaports, Airports, and Railways.
	\$5.5m 10%	Innotech Security has designed several unique technologies, including their patent pending SMARTCONTROL CAT5 Solution and Intelli-FLEX line. Innotech is a unique leader in custom engineering and proprietary design offering customers specialized services and products in small or large quantities. Innotech is constantly researching and designing new features and technologies which enhance their products and the way they are used in unique applications.

Partners

Technology Partners

In addition to its in-house capabilities, the Company collaborates with 100+ technology partners to ensure a portfolio of products with best-in-class, cutting edge technologies and features

- Costar's technology partners include manufacturers of video management software, analytics, servers, storage, optics, enclosures, switches, and other products
- The Company engages in joint selling efforts with its partners when going to the market; these collaborative efforts have made Costar a sought-after affiliate in a very competitive and discerning industry

Channel Partner Ecosystem

As part of its extensive sales effort, Costar sells products via channel partners, which include leading international distributors, systems integrators and manufacturers rep firms

- Costar is supported by 100 distributors, over 1000 systems integrators, and 15 manufacturer sales representatives
- The Company leverages its internal sales force to generate leads; as a true channel partner, Costar currently does not sell directly to an end user (the only exception being Wal-Mart)

VMS



Analytics



Storage



Networking Gear



Distributor Network (22% of Sales)



Systems Integrators (78% of Sales)



Sales Verticals



Retail



Traffic



Education

Yale



PENNSTATE



UCLA

HARVARD UNIVERSITY



Financial



Industrial



Infrastructure



Pacific Gas and Electric Company



Defense



NORTHROP GRUMMAN

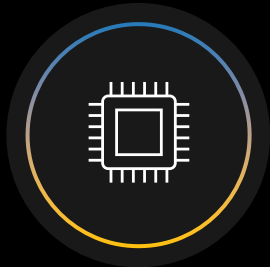
Video Surveillance Market Overview

Costar will benefit from strong industry tailwinds and increasing demand for video surveillance products



Market Size & Growth

- The video surveillance market is expected to grow from USD 28 billion in 2022 and is projected to reach USD 45 billion by 2027; it is expected to grow at a CAGR of 8.4% during the forecast period. IoT has made sending and receiving data over the internet simpler, facilitating the use of video surveillance in smart cities. Integration of IoT, big data, and video surveillance is expected to provide better operational and security needs in public spaces – according to the source: <https://www.prnewswire.com/news-releases/global-surveillance-camera-market-report-2022-a-45-billion-industry-by-2027---integration-of-ai-adoption-of-iot-emergence-of-vsaas-growth-in-transition-to-ip-cameras-301647074.html>



Hardware

- Based on component segments, the hardware segment contributed the highest revenue in 2022, accounting for more than 60% of the total share and is expected to maintain its dominance by 2027



End Markets

- Specific end markets within overall commercial security are preferable over others given growth and pricing strength such as commercial/enterprise and critical infrastructure
- Costar's end markets include some of the higher growth markets, such as: commercial, financial, critical infrastructure and defense, and government

Competitive Landscape

Costar is well positioned against other players in the video surveillance industry. The Company wins business through the value proposition outlined below:



NDA Compliant Products

- National Defense Authorization Act banned the use of key components. Updated all product lines with approved components to meet requirements



Ease of Installation

- Working closely with integrators to add features to minimize time to install cameras thus reducing the cost to install and maintain our platforms



Integrations

- Continuously establishing new integration partnerships to provide video and data analytics that enable further system automation and business intelligence



Video & Data Analytics

- RISE Next Gen (NDA) Pedestrian detection and wrong way vehicle detection
- Development of a standalone video analytics appliance for use with legacy installations

Providing World Class Service in Everything We Do



Customer Focus

Keeping the Customer in the forefront of everything we do. We continue to advance our processes, tools, and expertise to provide a world class customer experience



Profitability

Created an agile culture that continuously assesses new opportunities, adapts to ever-changing market conditions, and shapes the organization to deliver profitability



Shareholder Value

Driving profitability and reducing leverage creates shareholder value and facilitates investment in internal initiatives and explore potential M&A opportunities

2021 and 2022 have been transformative years for Costar. We responded to market challenges, launched our One Costar initiative to unify the organization and are creating a solid business foundation for 2023.

