

Costar Technologies, Inc.
Annual Meeting
October 7, 2013

Cautionary Statement Regarding Forward Looking Statements

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.

2012 Review

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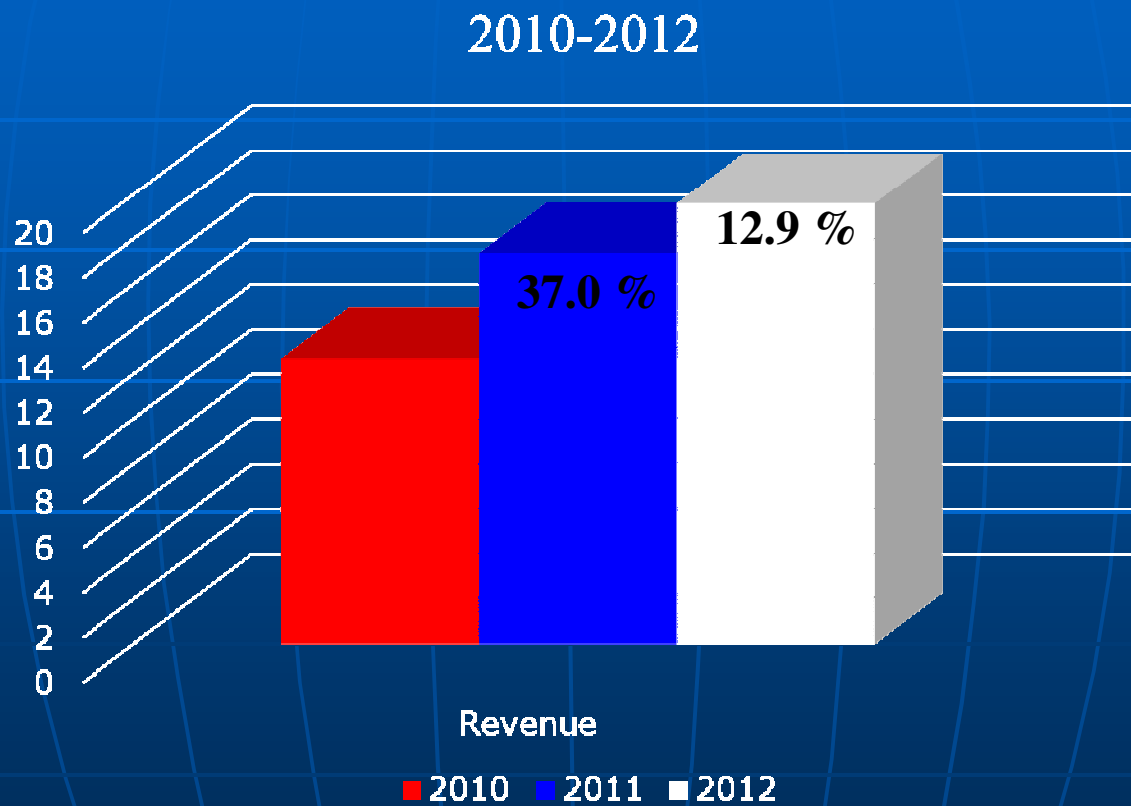
- Continued Weak Economic Conditions
- Revenues Increased 12.9%
- Record Profits - \$592,000, 265% Increase Over 2011

2010/2012 Financial Results

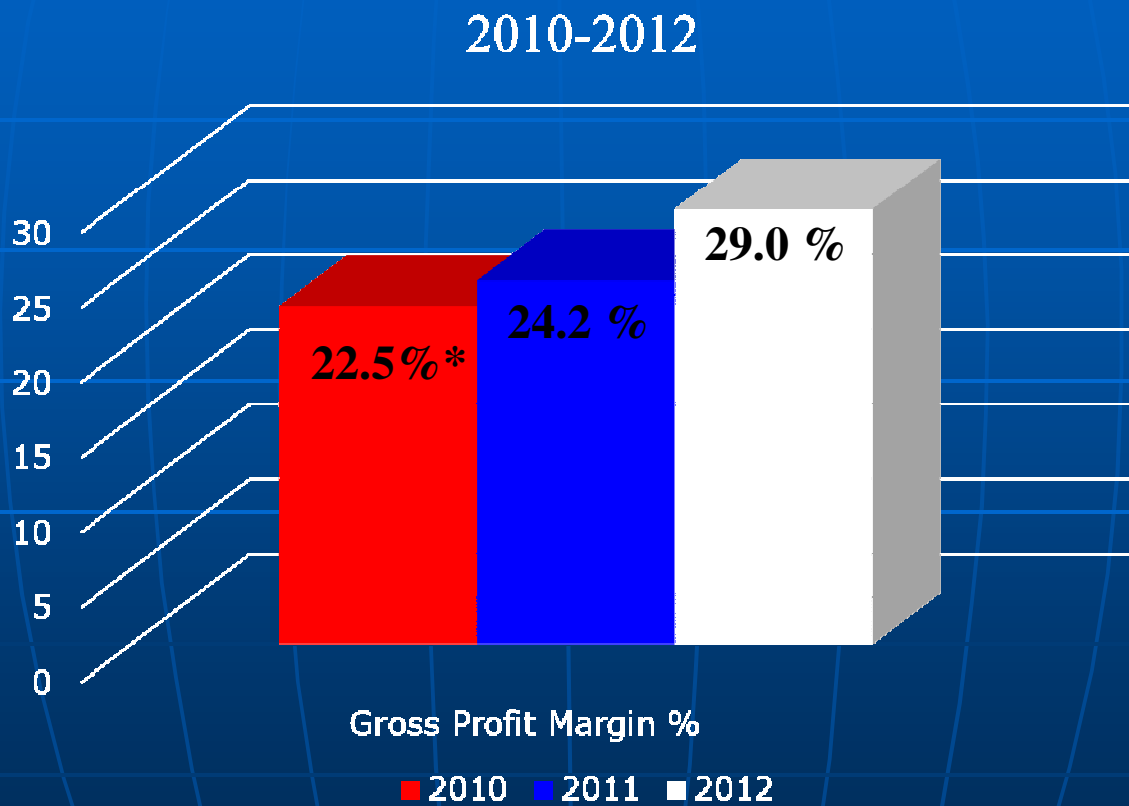
Costar Technologies, Inc. 2012 Continuing Operations

Year	2012		2011	2010	2012 – 2011 Variance
Revenues	\$ 19.581 M	↔	\$ 17.34 M	\$ 14.947 M*	12.9 %
Gross Margin	\$ 5.673 M	↔	\$ 4.200 M	\$ 3.368 M	35.1 %
GM %	29.0 %		24.2 %	22.5 %	
Operating Expenses	\$ 4.987 M	↔	\$ 4.157M	\$ 4.051M	19.97 %
Oper Exp %	25.5 %		24.0 %	27.1 %	
Operating Income	\$ 0. 686 M	↔	(\$0. 043 M)	(\$0. 683 M)	1495%
Int/Inc/Taxes	(\$0. 094 M)	↔	(\$ 0.119 M)	(\$ 0.125 M)	-21.0 %
Net Income/Loss	\$0.592 M	↔	\$0.162 M	(\$0.808 M)	265.4 %

Costar Technologies, Inc.



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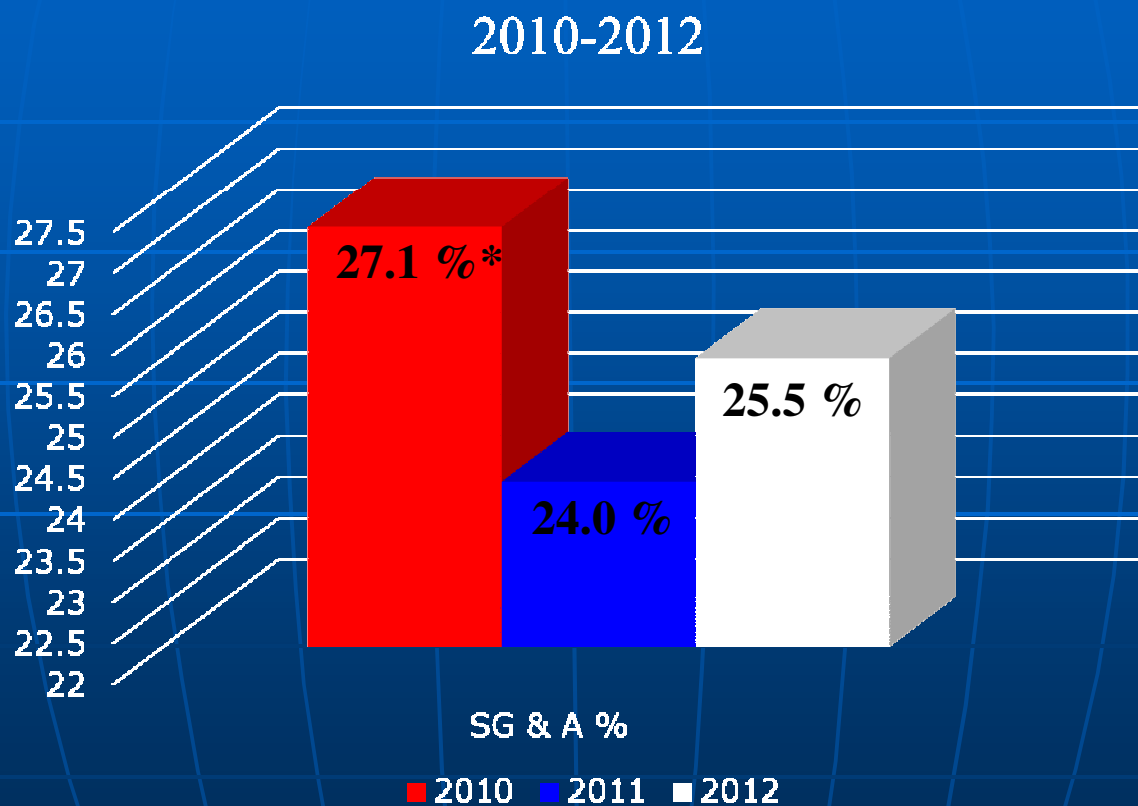


*Adjusted to include inter-company video sales of Costar Video Systems, LLC

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- Product Mix – DVR's, Industrial (Lower Margin) Growing at Slower Pace
- New IP Camera Products, Higher Margin
- General Product Cost Reductions (Volume)
- Second Year of Contract Buy of Major Retailer Increased Margins As Component Costs Drop

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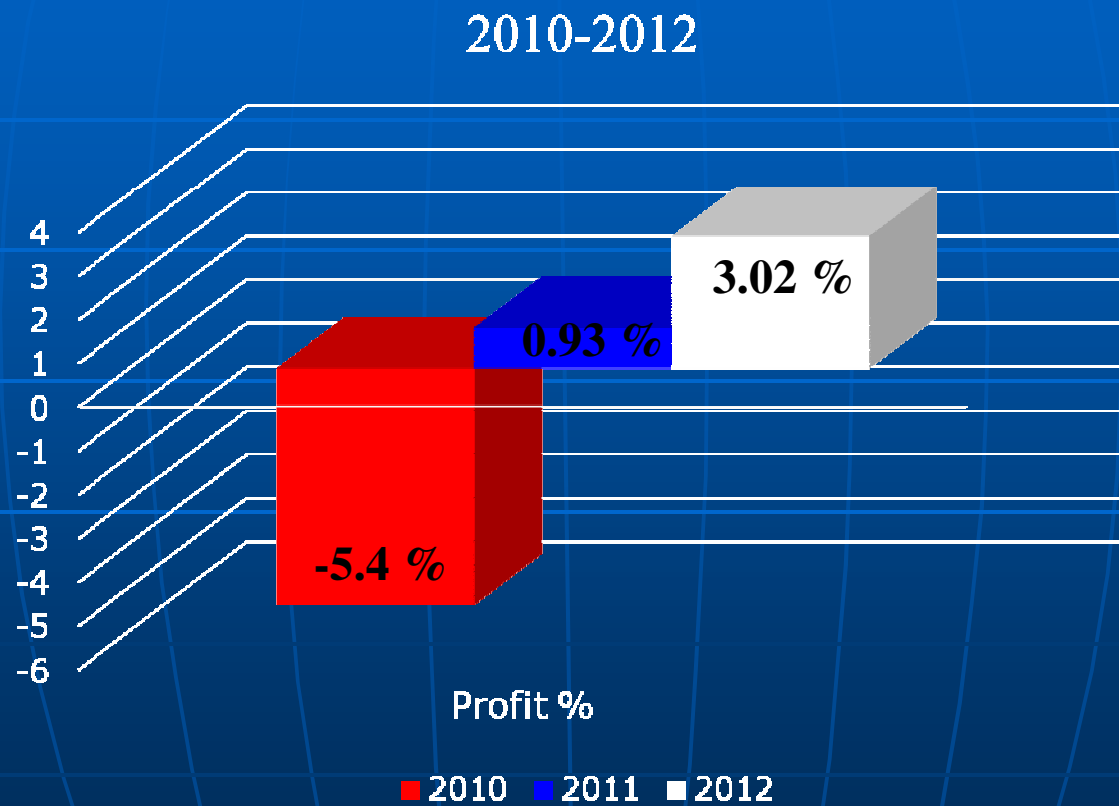


*Adjusted to include inter-company video sales of Costar Video Systems, LLC

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- 2010 Reduced Staff Due To Recession
- 2011 Economic Recovery Commences
- 2012 Added Infrastructure for Future Growth

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- 2010: Losses Resulted in Layoffs
- 2011: Added Significant Infrastructure and Key Sales Personnel
- 2012: Growth in Revenue Offsets Increases

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- 2012: Infrastructure Allows for Increased Sales Activity, Travel & Online Meetings
- Infrastructure increases allow more Sales Time for Selling Activities - Online Meetings Up 300%

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Located in Coppell, Texas

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Open Office



Open Office



Video Training Room



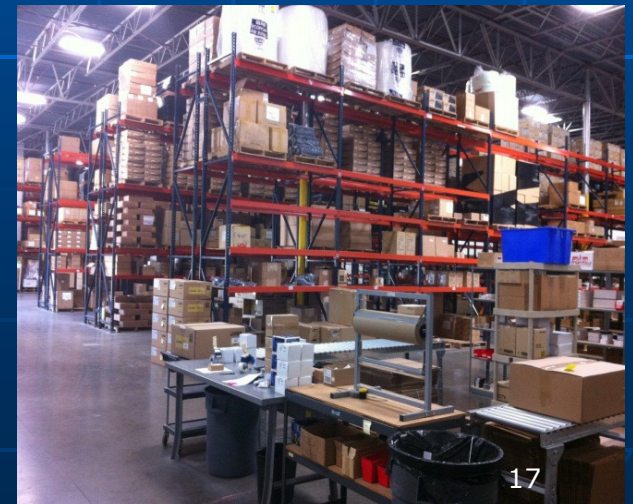
Video Training Room



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- Same day shipping
- High volume build and configure line
- Pre-ship software configuration capabilities
- Custom kit configurations built to order



Productivity

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Revenue per Employee Productivity Comparisons

	<u>2010*</u>	<u>2011</u>	<u>2012</u>	<u>2013e**</u>
	\$679K	\$694K	\$699K	\$900K
Year End Employee Head Count?	22	25	28	30

* 2010 excludes discontinued operations and includes inter-company video sales

** Six Months 2013 Annualized

What Are Some Industry Productivity Comparisons?

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2009 Industry Productivity Comparisons

Tyco	\$162K per employee
UTC	\$263K per employee
Honeywell	\$285K per employee
Fortune 500	\$300K per employee
W.W. Grainger	\$380K per employee
Graybar	\$450K per employee
GE	\$565K per employee

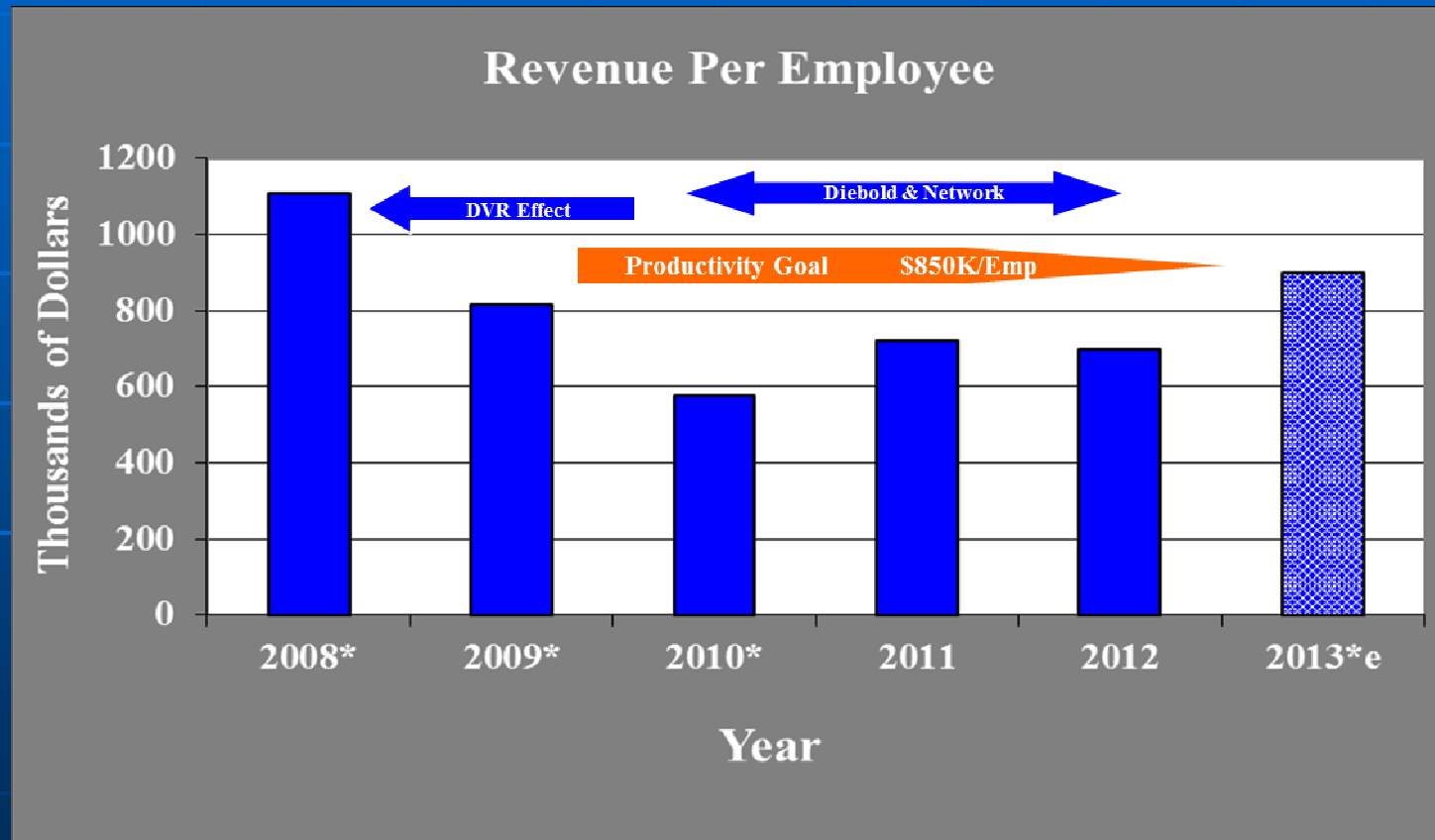
Source: Security Industry Competitors – 2009 Hoovers.com

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2012 Productivity Changes

- New Network Products Increased Technical Support
- New Network Products Have Higher Margins
- Increased Gross Profit per Salary Dollar due to Network Products

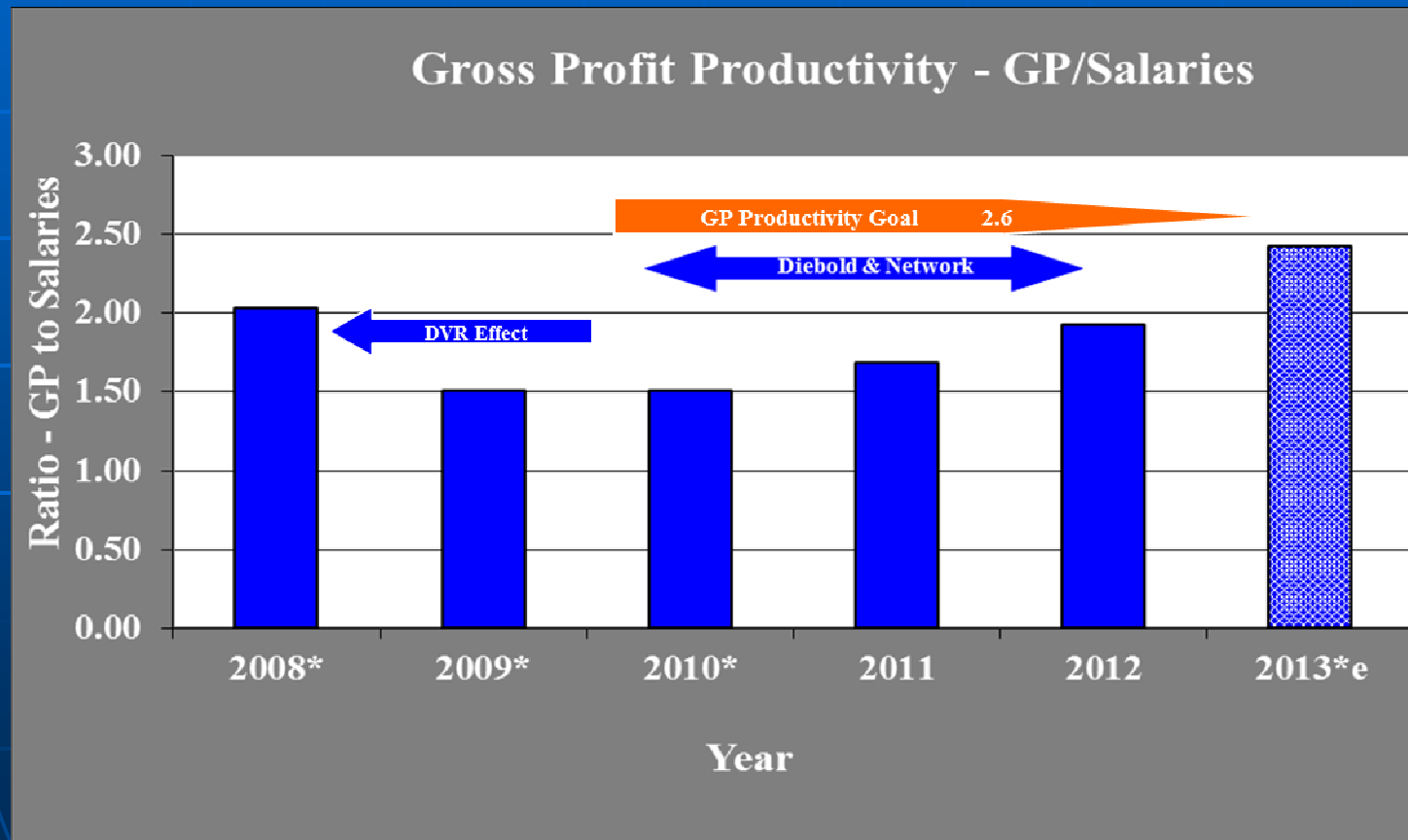
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* Adjusted for Discontinued Operations

*e Estimate Based on Six Month Annualized

Costar Technologies, Inc.



* Adjusted for Discontinued Operations

*e Estimate Based on Six Month Annualized

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Our Position in the Security Market

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2012 Top 50 Worldwide Security Companies

<u>Company Name</u>	<u>Rank</u>	<u>2011 Revenue</u>
Napco	#29	\$71.4M
Avigilon	#32	\$59.1M
Infinova (March)	#35	\$55.6M
Vicon	#40	\$47.2M
Milestone	#43	\$43.3M
Win4Net	#49	\$30.9M
Costar Video	N/A	\$17.3M
Mace	N/A	\$13.9M

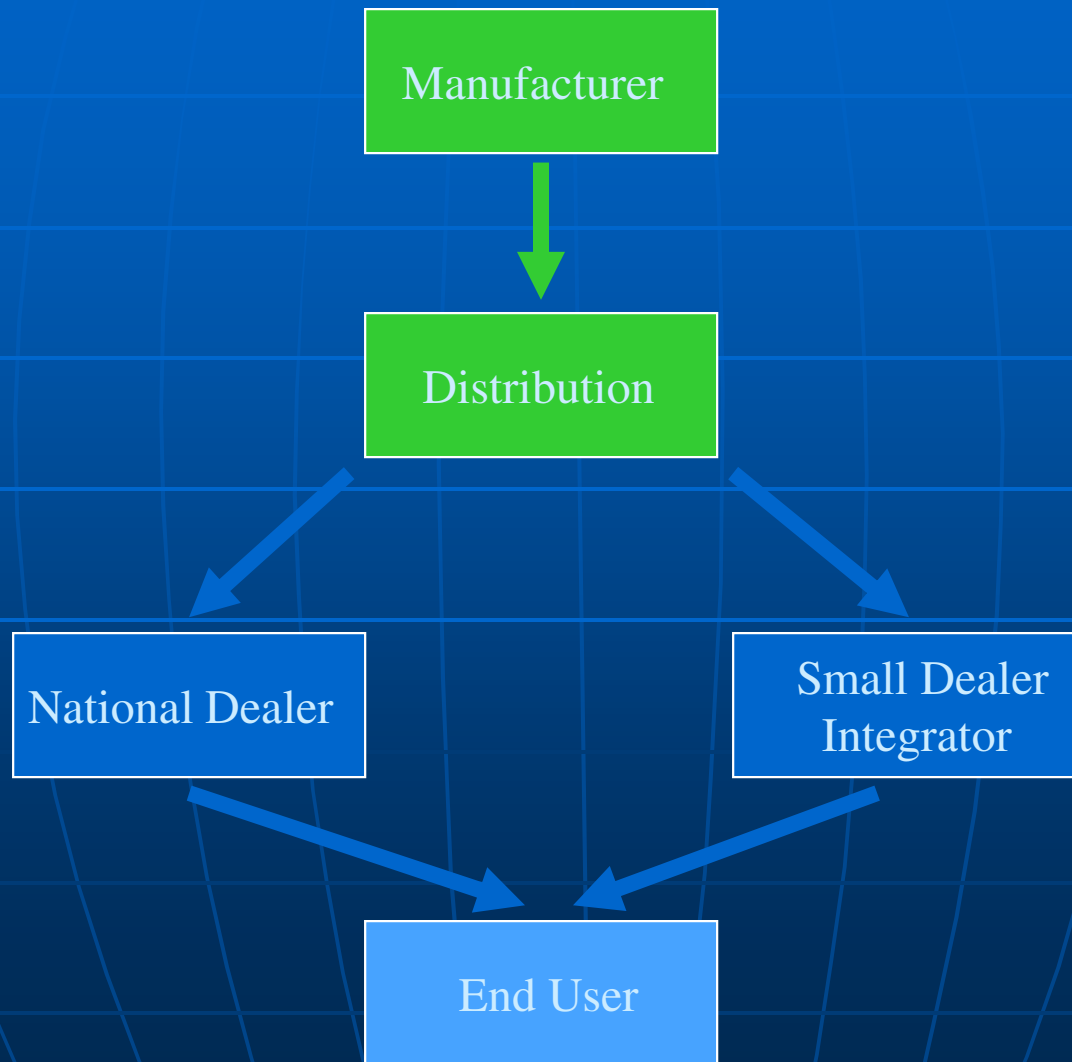
Source: Asmag.com Global Security Website

Companies selected above are US Market leaders with revenues under \$100M

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Security Market

Security Market Channels



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Our Strategy

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Step One: Targeted Accounts 2011-2012

- * Sielox Dealers
- * Canadian Distributors
- * Large Dealers
- * IT Integrators

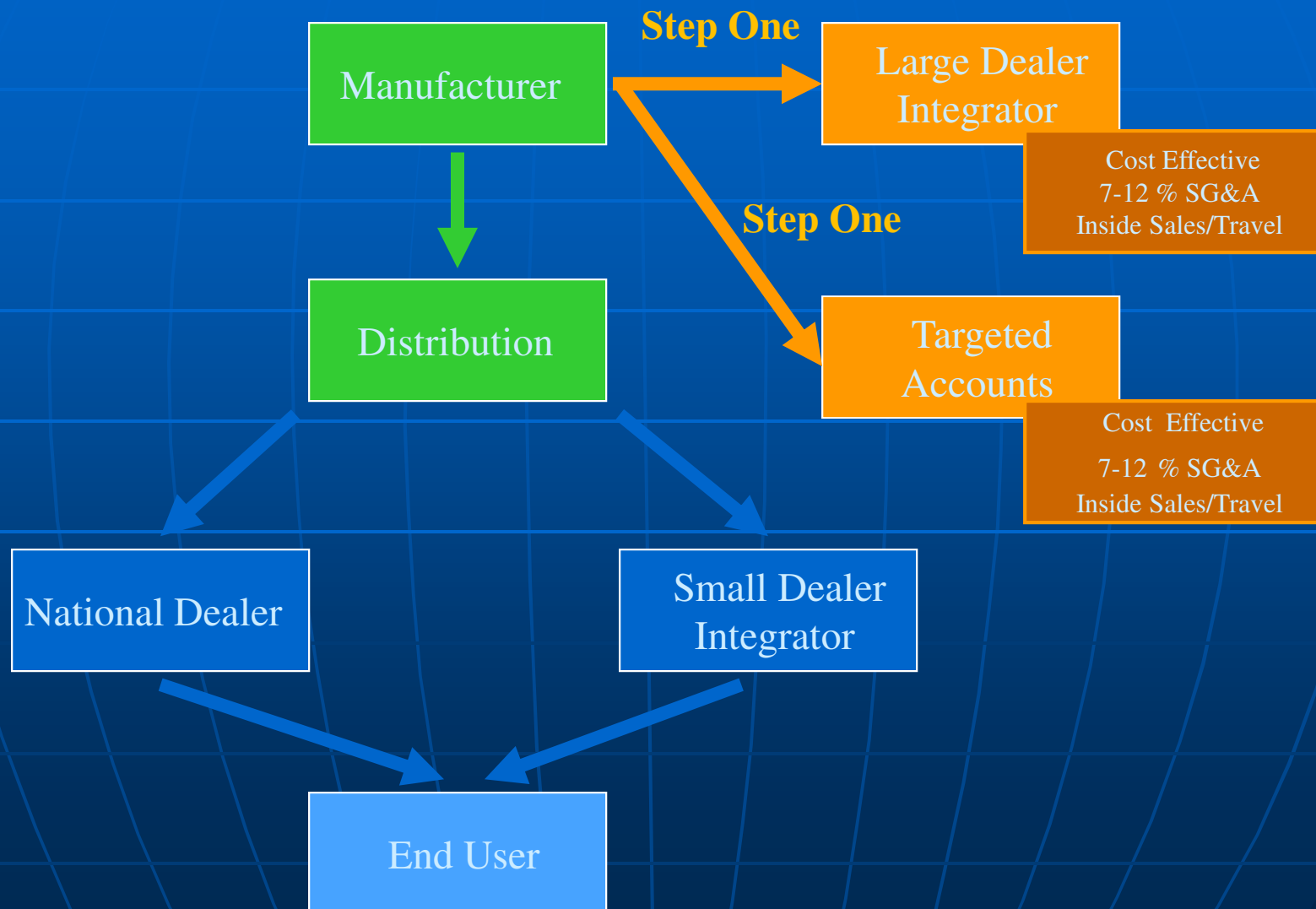
Step Two: Targeted Accounts 2012-2013

- * Distribution With
Inside Rep

Step Three: Targeted Accounts 2013-2014

- * Distribution With
Territory Rep

Security Market Channels



Security Market Channels

