



COSTAR
TECHNOLOGIES, INC.

2016 In Review

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.

COSTAR

TECHNOLOGIES, INC.

```
graph TD; A[COSTAR TECHNOLOGIES, INC.] --- B[COSTAR VIDEO SYSTEMS]; A --- C[COHU | HD COSTAR]; B --- D[inno|tech]; B --- E[IVS IMAGING];
```

COSTAR
VIDEO SYSTEMS

COHU | HD
COSTAR

inno|tech **IVS** IMAGING

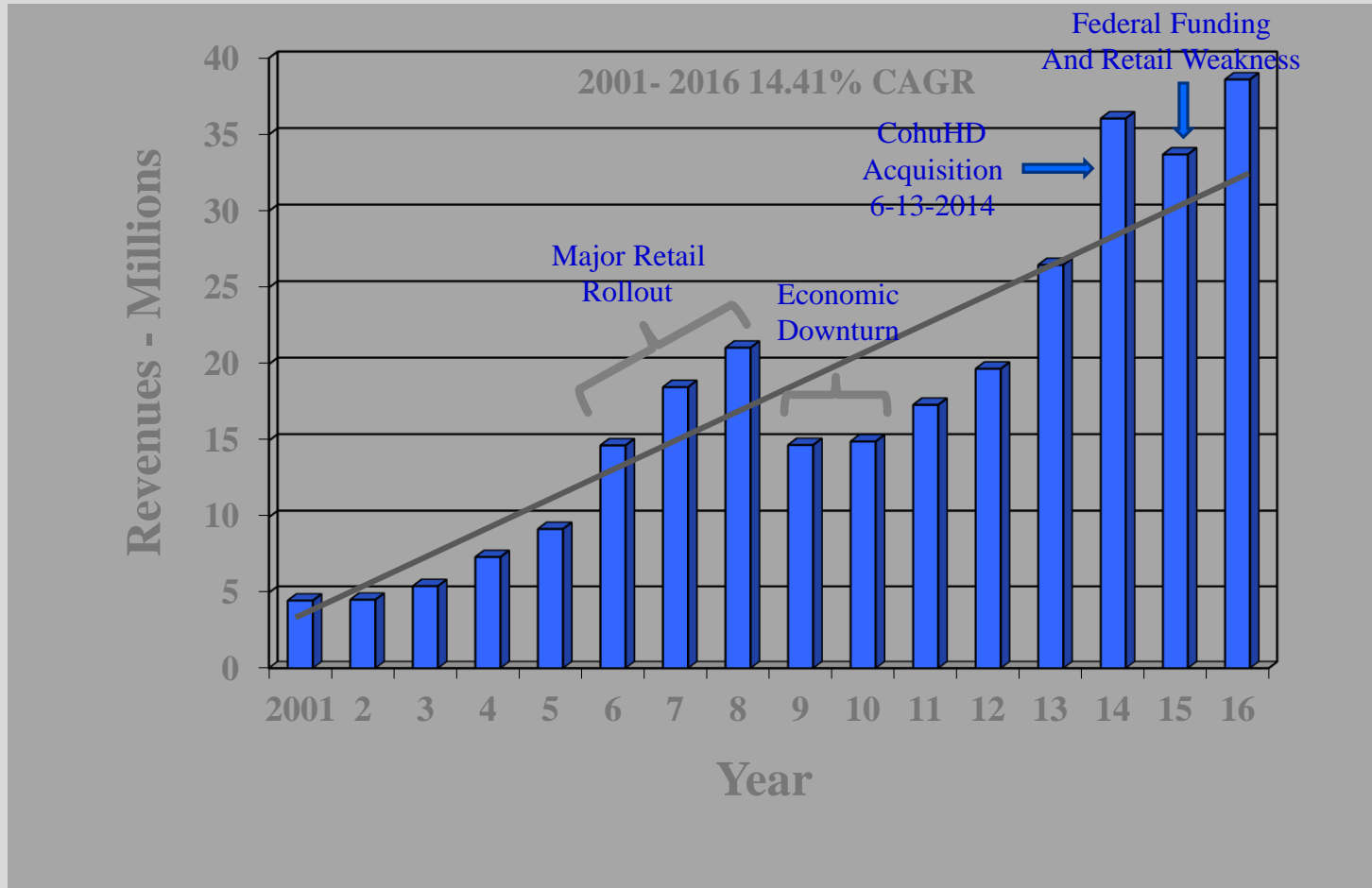
Security Market



2016 Top Security 50		2016 Security 50 by Region		2016 Security 50 by Product Group	
'16	Company	Main Product Group	Revenue (in US\$ millions) 2015	Revenue Growth 2014-2015	
North America					
2	HONEYWELL SECURITY & FIRE	Multiple	\$2,900.0	3.6%	
7	TYCO SECURITY PRODUCTS (a Johnson Controls Company)	Multiple	\$775.0	2.0%	
9	FLIR SYSTEMS (Surveillance and Security)	Video Surveillance	\$729.6	4.4%	
11	ALLEGION (Electronic Products and Access Control)	Access Control & Locks	\$413.6	-2.4%	
12	AVIGILON	Video Surveillance	\$281.4	36.1%	
13	INFINOVA	Video Surveillance	\$270.9	85.1%	
20	VERINT SYSTEMS (Video Intelligence)	Video Surveillance	\$118.9	7.8%	
24	NAPCO SECURITY SYSTEMS	Multiple	\$77.8	4.5%	
29	IDENTIV	Access Control	\$60.8	-25.2%	
37	VICON	Video Surveillance	\$44.9	28.7%	
41	COSTAR TECHNOLOGIES	Video Surveillance	\$33.7	-6.6%	

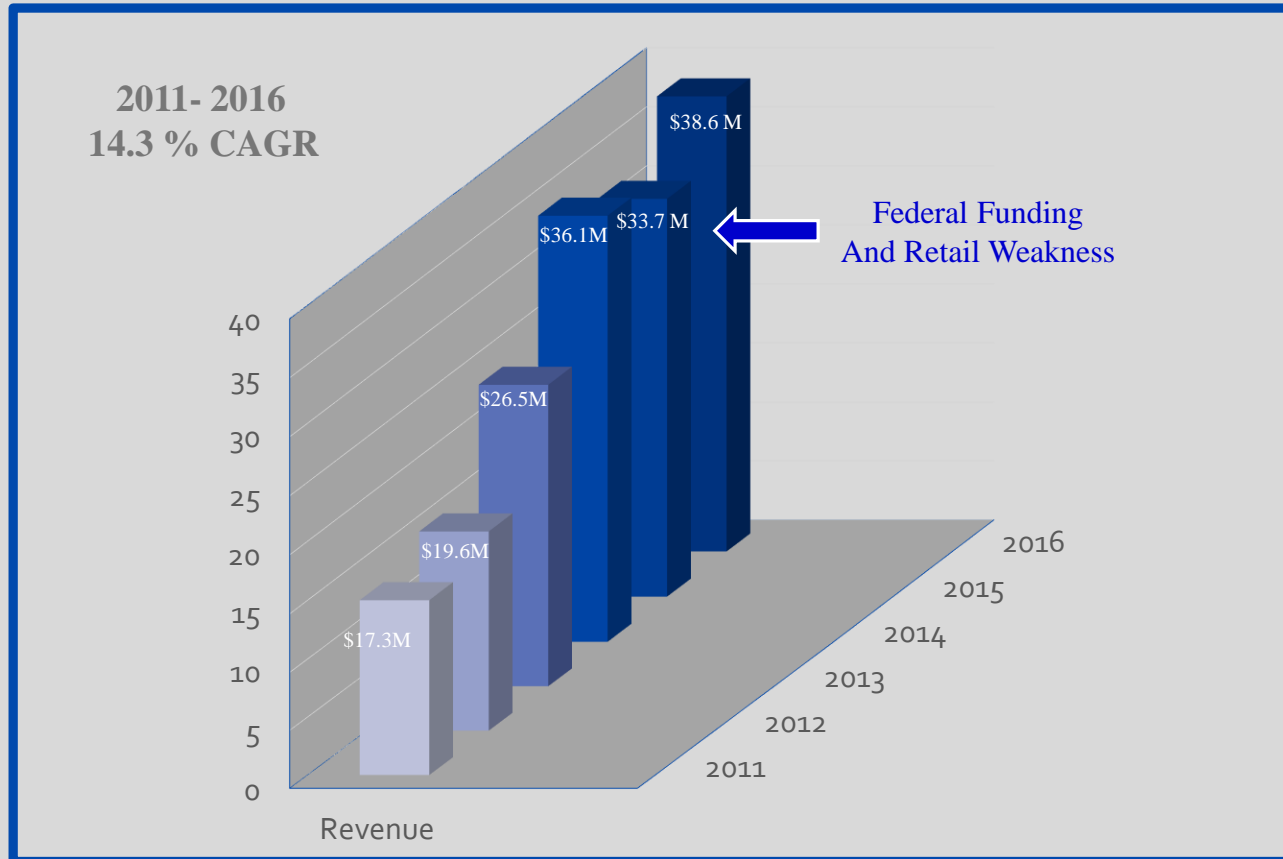
Source: www.asmag.com

Costar Technologies



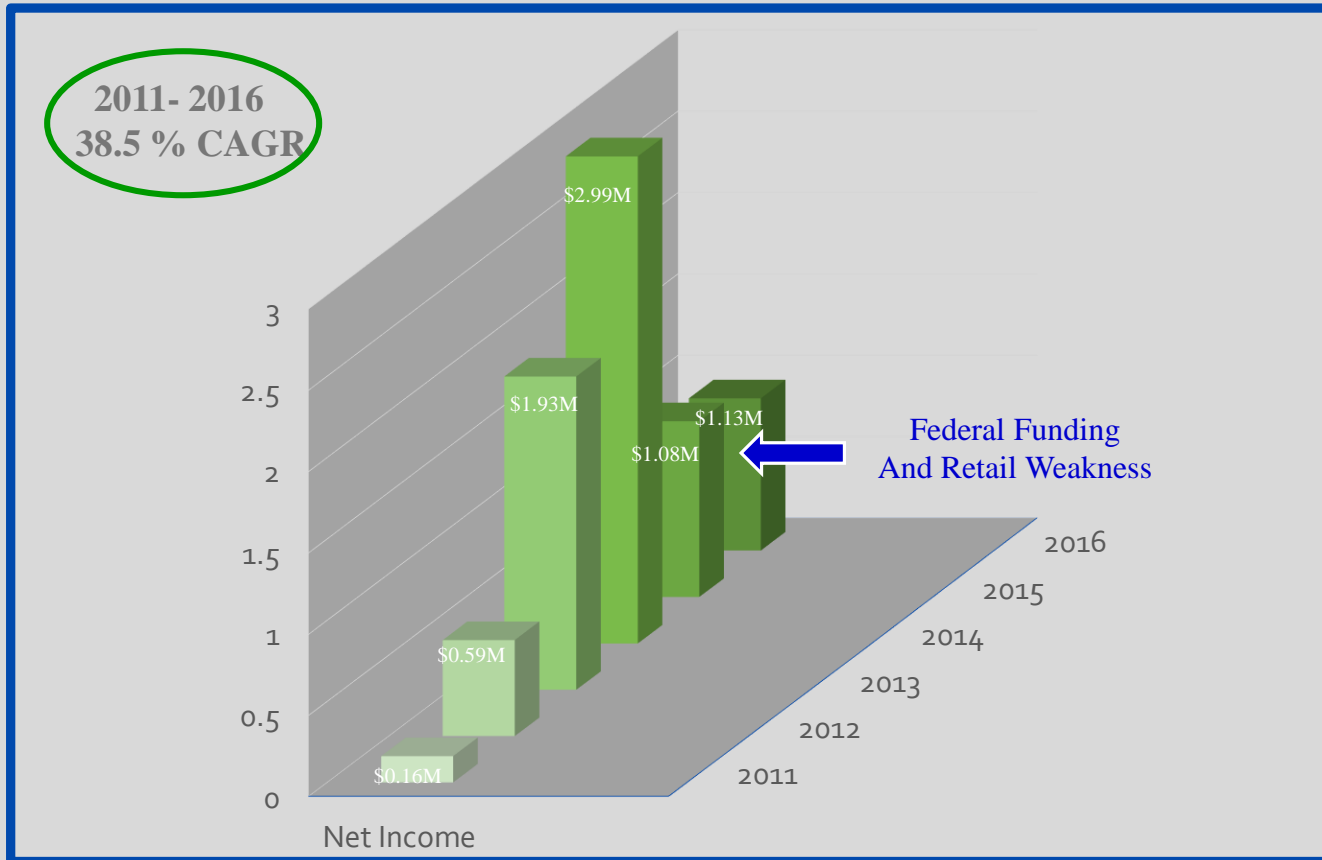
Costar Technologies

Revenue

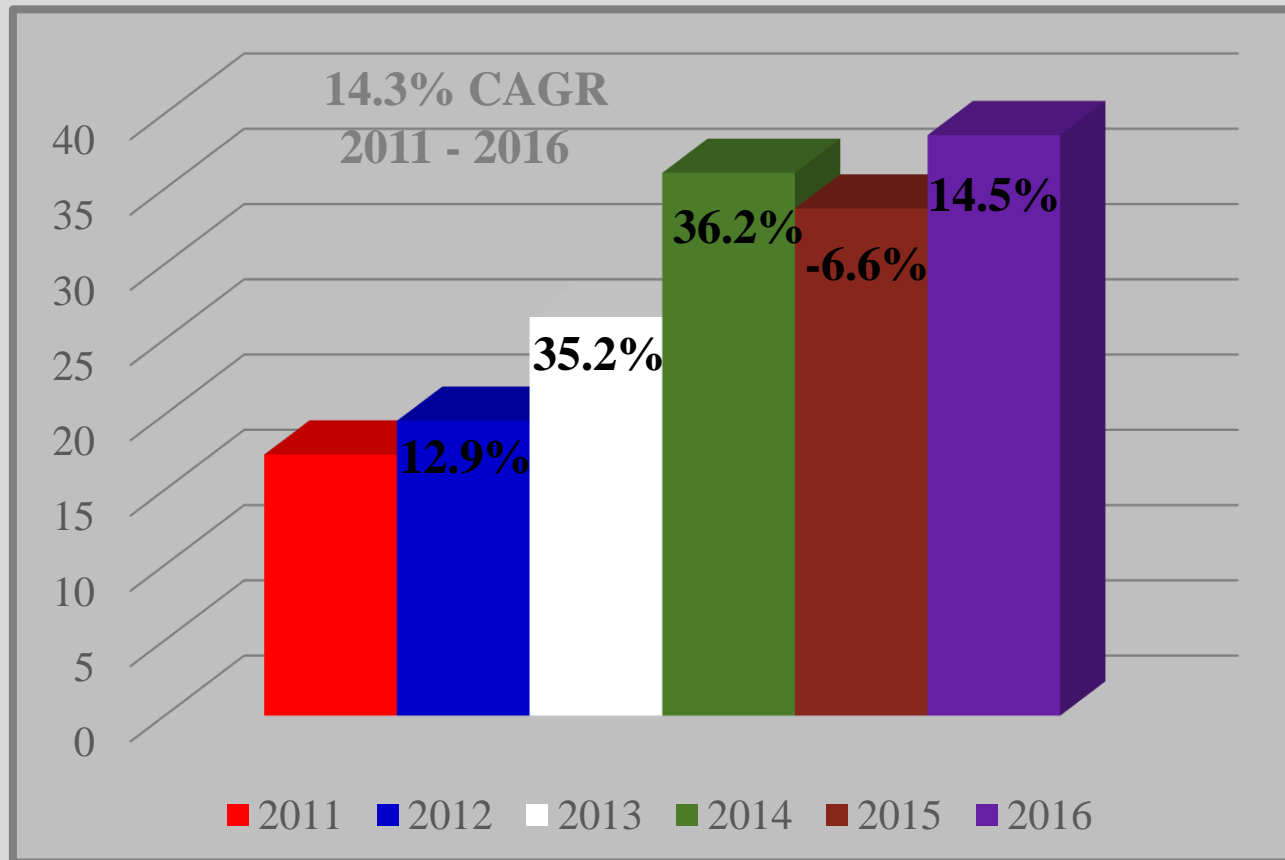


Costar Technologies

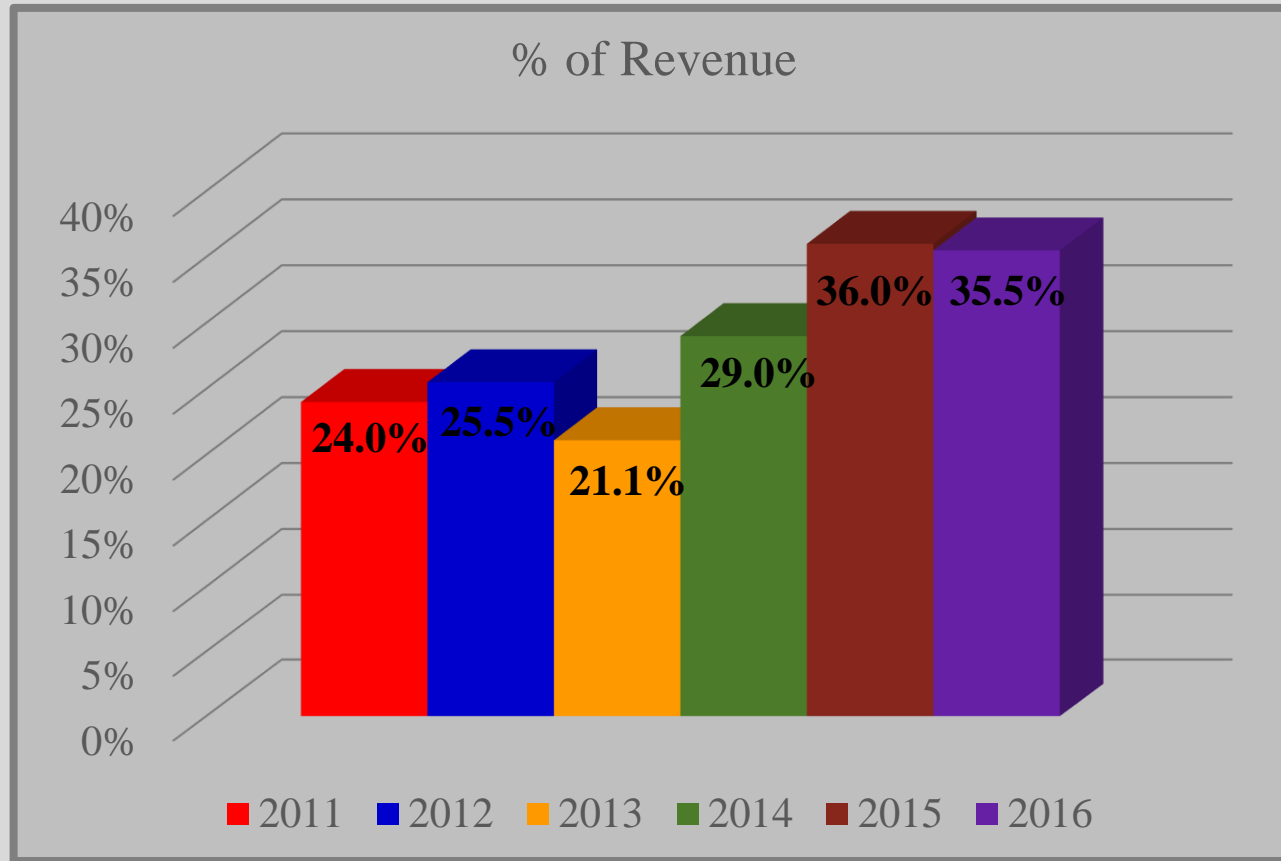
Net Income Before Taxes



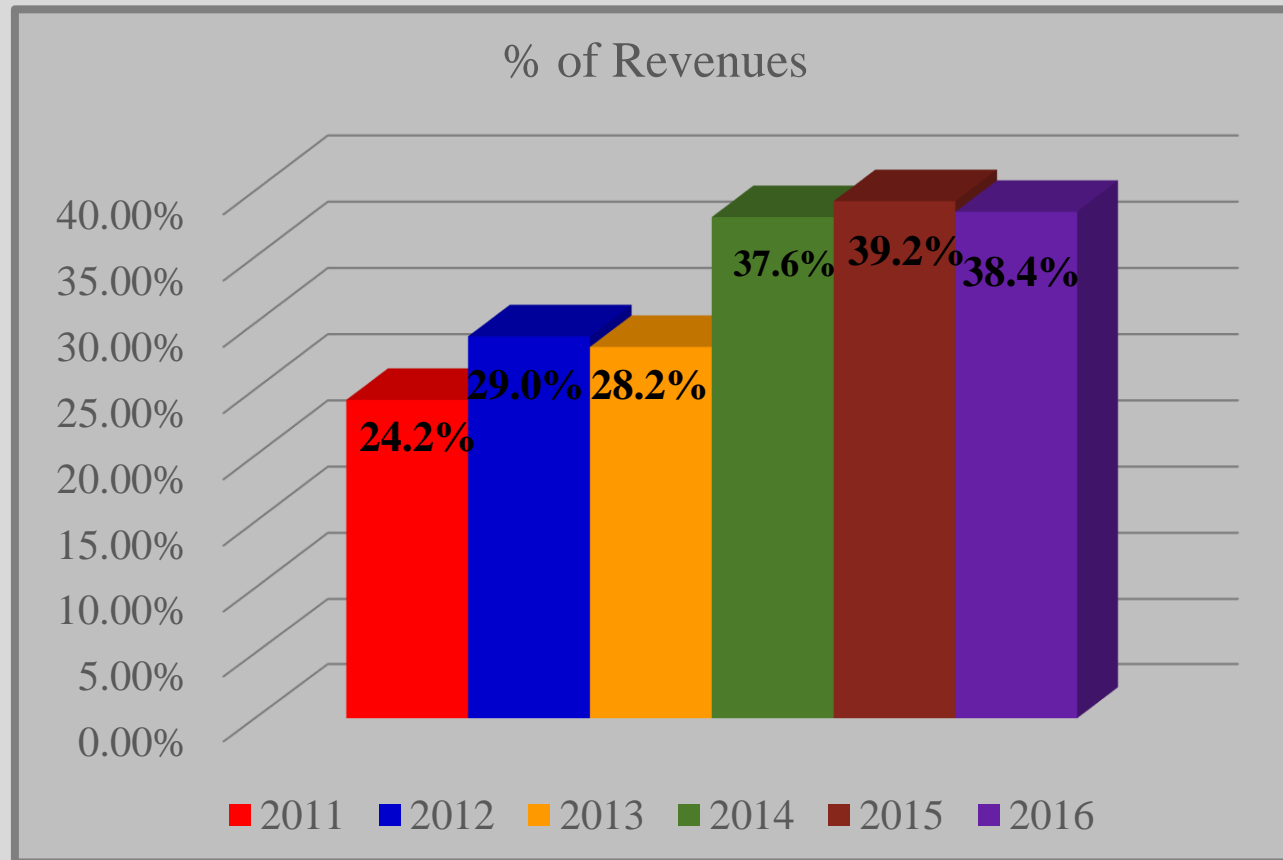
Year Over Year Revenue Growth



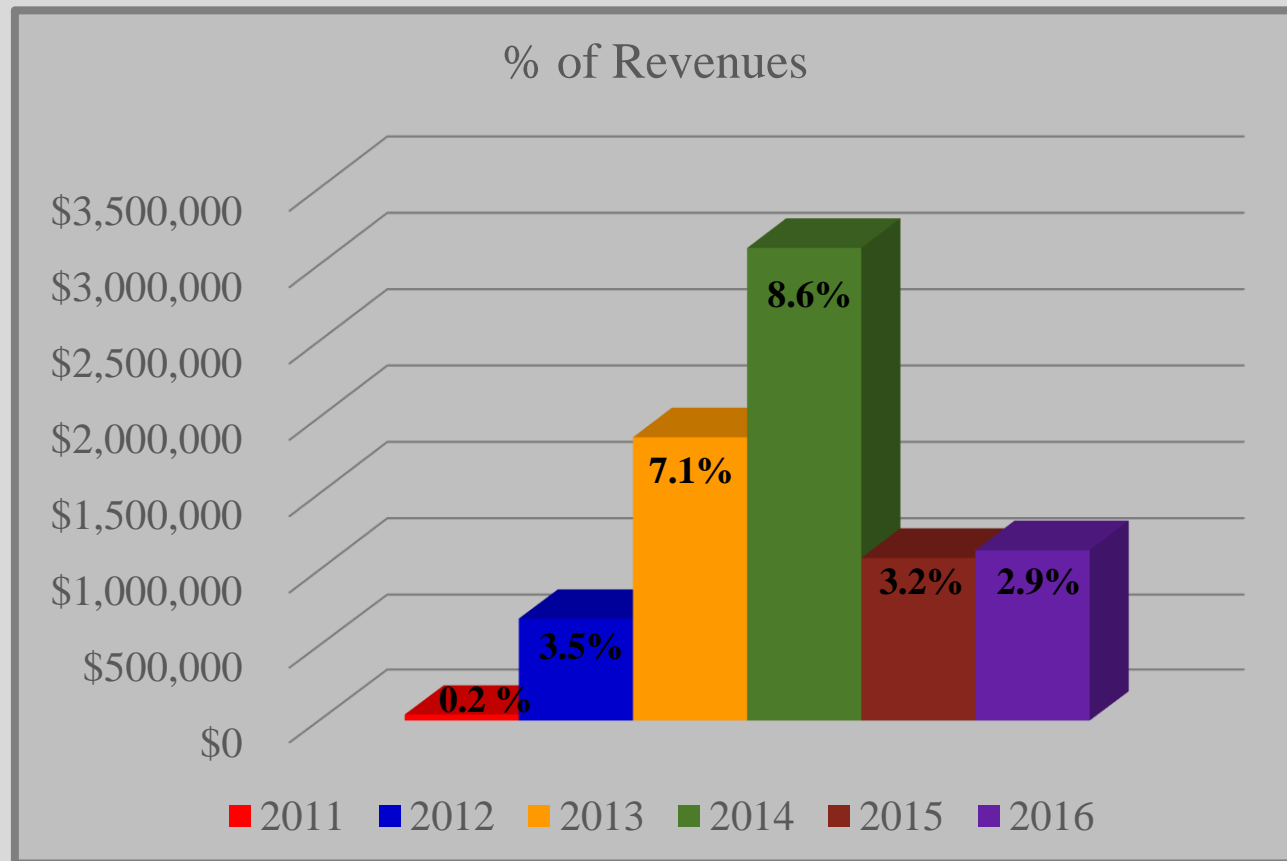
SG & A



Gross Profit Margin



Operating Income



2014 - 2016

Year	2016		2015	2014	Variance
Revenues	\$ 38.6 M	↔	\$ 33.68 M	\$ 36.05 M	14.5 %
Gross Margin	\$ 14.81 M	↔	\$ 13.56 M	\$ 13.56 M	12.2%
GM %	38.4 %		39.2 %	37.6 %	
Operating Expenses	\$ 13.7 M*	↔	\$ 12.12 M	\$ 10.45 M	12.9 %
Oper Exp %	35.5 %		36.0 %	29.0 %	
Operating Income	\$ 1.13 M*	↔	\$ 1.08 M	\$ 3.11 M	4.6 %
EBITDAR	\$ 2.04 M	↔	\$ 1.62 M	\$ 3.86 M	25.9 %

* Includes \$0.300M in transaction expenses

Costar Video Systems

Strategy

- * **Continue to Diversify Our Customer Base to Compensate For Revenues Lost From One of Our Largest Customer Due to a Decrease In Their Security Spend**
- * **Position Ourselves to Win a Portion of One of Our Largest Customer's IP Camera Business From a Brand Name Supplier in Their 2017 Bid For 2018/19 as They Look to Reduce Costs**

Costar Video Systems

Strategy

- * **Generate Leads From Smaller Dealers And Integrators**
- * **Utilize Our Efficient Market Channel Economics and Established Channel Partners to Grow Our Non-Concentrated Customer Base**

Costar Video Systems

Strategy

- * Provide Superior Customer Service, Engineering Design, Sales, Technical Support, and Training To Our Internal and External Customers
- * Identify Efficiencies and Best Practices To Increase Productivity and Profitability
- * Growth Through Acquisition of Complimentary Businesses

CohuHD

Strategy

- * **Grow Traffic Market, Particularly in States With Large Competitive Install Bases
(Add 2-3 States/Year)**
- * **Increase Brand Awareness and Revenue Derived From Military Contracts and International Customers**

CohuHD

RISE Family

- * CohuHD Introduced the RISE 4220 Dome
- * CohuHD Launched a Major Design Effort for a RISE 4290 Dual Head Thermal and Visual Positioner

CohuHD



Rugged Innovation with Superior Endurance

- Advanced Optics
- Long Range
- Low Light
- Dynamic Stream
- Power over Ethernet
- Video Analytics
- Rugged: -40 to 75 Degrees C
- IP67 Sealed and Pressurized
- Hurricane Level Holding Torque



COHU | HD
COSTAR

CohuHD

RISE Family

- * **The RISE 4220 Dome is More Competitive Major Wins in the Southeastern States**
- * **The RISE 4290 Dual Head Thermal and Visual Positioner is the Lowest Cost, Highest Performance Product in its Class Won a Major Contract for Saudi Arabia Oil Field of \$2.4 Million**

IVS Imaging

Strategy

- * Increase Sales With New Mobile System & Wearables, and Flashlight Camera
- * Utilize Sony Relationship to Increase Sales Of Our Sony HDMI Interface Boards
- * Special Projects – Profit Optical, Stryker, Optex (Military Periscope Camera)

Innotech

- * **Acquired Innotech Security in December 2016**
- * **Innovative Products**
- * **Major Customers, CVS, Rite Aid, Winn Dixie, Staples**