

COSTAR

TECHNOLOGIES, INC.

Overview Presentation



December 15, 2021

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



Security Manufacturer

Innovative Designer and Manufacturer
of Commercial Security Devices



Channel Partners

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



ISO

ISO 9001 Certified



Professional Team

125+ Employees



Intellectual Property

20+ Patents



AV COSTAR™

Clovis, California
Glendale, California
Duarte, California



COSTAR
HIGH PERFORMANCE
CAMERA SYSTEMS **HD**

San Diego, California



COSTAR
VIDEO SYSTEMS

Coppell, Texas



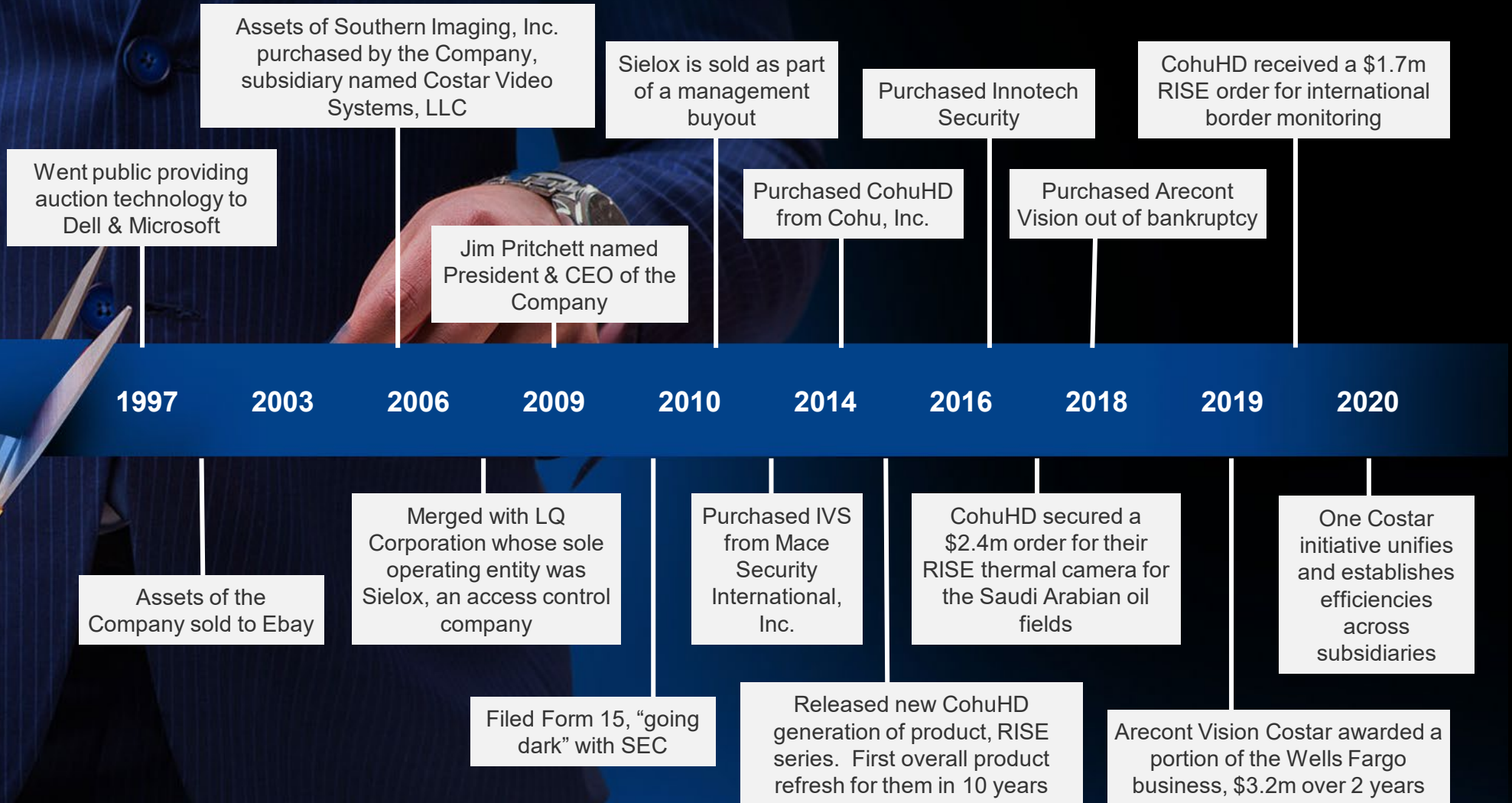
innotech®

Pompano Beach, Florida

Costar Technologies Overview



History





ONE COSTAR

AV COSTAR

innotech

COSTAR
VIDEO SYSTEMS

COSTAR
HIGH PERFORMANCE
CAMERA SYSTEMS **HD**

COSTAR
MOBILE VIDEO

IVSIMAGING

One Company | One Culture | One Costar

One Costar Focus

Keeping our customers at the forefront of everything we do

Unified Engaged Organization

Create an amazing culture by leveraging our talented people and unifying our processes

World Class Customer Service & Support

Our team members are empowered to drive solutions internally and externally. Embracing a cradle to grave mentality will truly differentiate us.



Quality & Reliability

Creating a culture of providing reliable high-quality products, services and support internally and externally.

Innovation

Innovating products, processes, tools, & organization to create a culture of continuous improvement and learning

Centers of Excellence

Providing World Class Service in everything we do!

Technical Support

Providing world class customer service and technical support in everything we do

Engineering

1st to the market with Multi-sensor technology.
Developing world class solutions across all of Costar Technologies

Sales Excellence

Leveraging our relationships to find new cross-selling opportunities and unifying our processes to create a delightful experience

Product Quality & Reliability

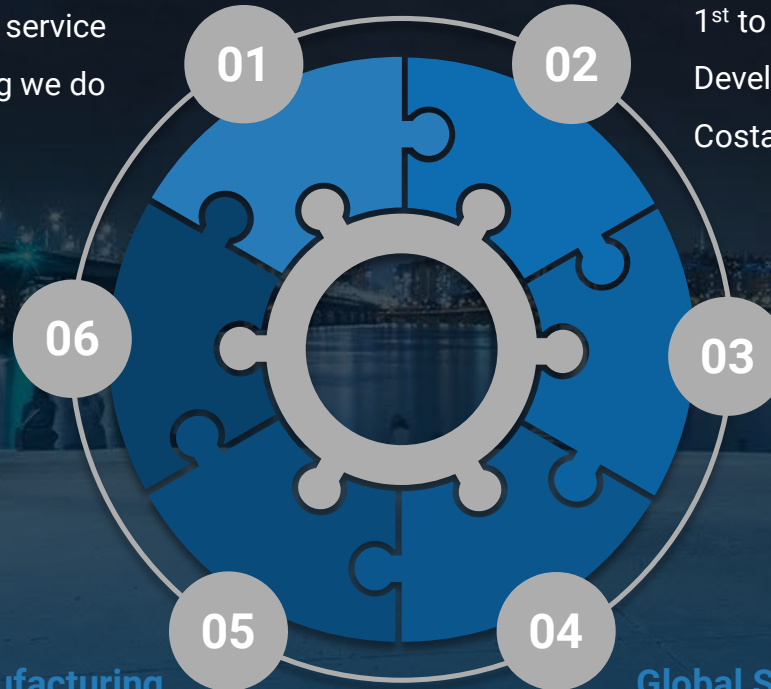
Creating a culture where quality comes first in EVERYTHING we do

USA Manufacturing

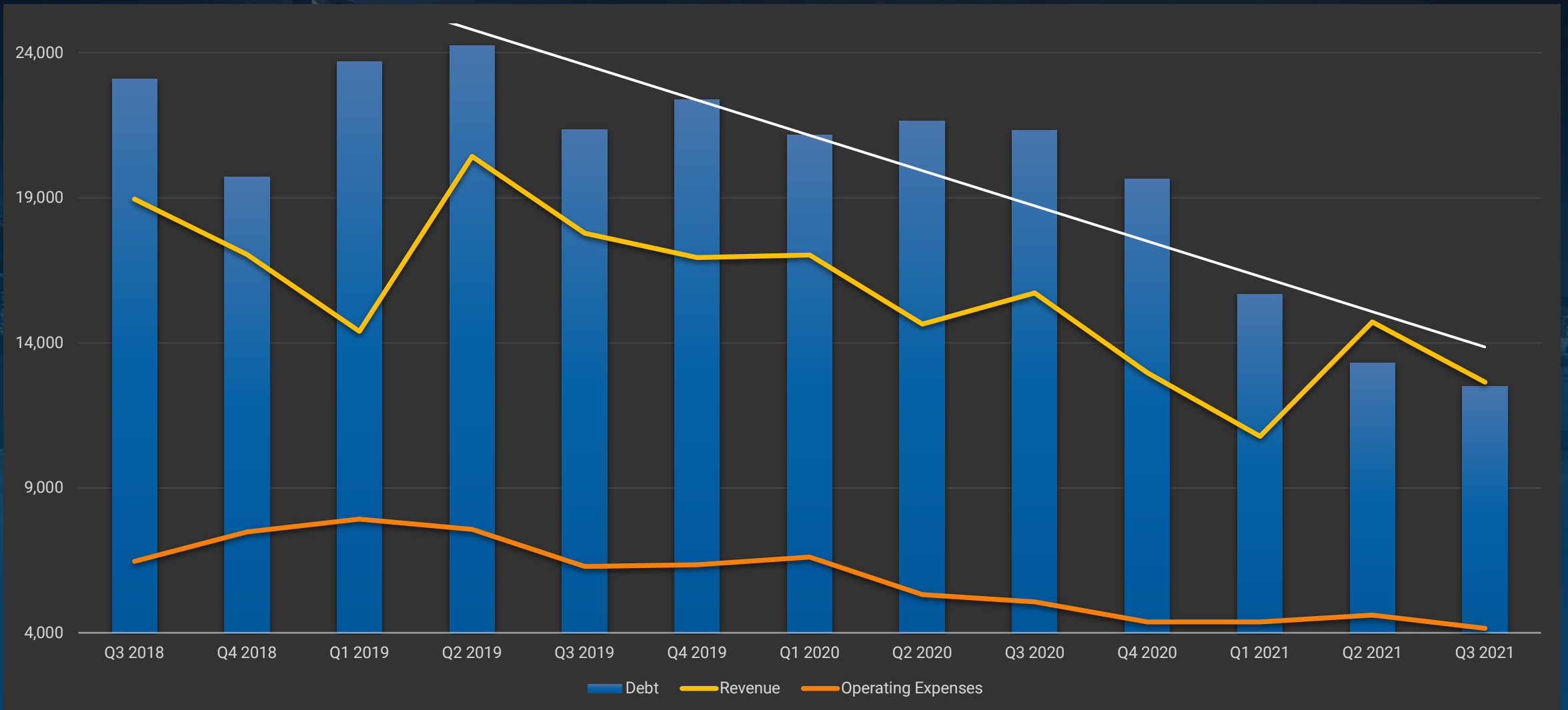
One of the few remaining solution providers that develops and builds products in the USA.

Global Supply Chain

Centralized supplier management to leverage volume and process efficiencies



Financial Overview



Opportunity

Attractive Underlying Industry Dynamics	<ul style="list-style-type: none">• 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.
Increasing Demand for US-Based Manufacturer	<ul style="list-style-type: none">• Global supply chain disruptions and anti-China rhetoric have increased demand for US video surveillance equipment.• Costar is promoting its American made products in response to the National Defense Authorization Act.
Diversified, Global Network of Distributors and Dealers	<ul style="list-style-type: none">• The Company utilizes 100+ distributors, including ADI, Anixter, Scansource and Wesco.• Costar has strong relationships with 1,000+ systems integrators; Tyco, G4S, Securitas, ADT and Johnson Controls.
Comprehensive Product and Service Portfolio	<ul style="list-style-type: none">• 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.
Expansive End Markets and Blue-Chip Customer Base	<ul style="list-style-type: none">• Costar's end-user customer base includes Apple, Google, Wal-Mart, Publix, Facebook, Microsoft, Citibank and CVS Pharmacy.• 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	<ul style="list-style-type: none">• 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.
Strong Management Team & Internal Culture	<ul style="list-style-type: none">• Capable and exceptionally experienced management team with an average of 30+ years of 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.

Leadership Team



Scott Switzer

Interim Chief Executive Officer

Appointed Interim President and Chief Executive Officer by the Board of Directors of Costar Technologies, Inc. in April of 2020. Mr. Switzer previously served as 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.



Shane Compton

**Chief Operating Officer &
Chief Product Officer**

Joined Costar Technologies, Inc. as Chief Engineering Officer in September 2018 and in January 2019 was named to the additional role of General Manager of Arecont Vision Costar, leading all aspects of the operations of the business unit. Prior to joining Costar, Mr. Compton rose through the leadership ranks of Pelco (later Pelco by Schneider Electric) in a career stretching over 16 years, including assignments in software engineering, project management, both engineering management and director roles, as Vice President of Engineering, and finally as CTO / Vice President of Advanced Technology & Engineering. He brings a history of leading organizations and teams to be fanatically customer service focused.



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.







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.

Business Divisions Overview

Business Division	2020A Rev (% of total)	Description
	\$17.7m 29%	<ul style="list-style-type: none"> Costar Video Systems (“CVS”) is a leading provider of electronic security products for the video surveillance market. Product portfolio consists of video management software (“VMS”), surveillance cameras, network video recorders (“NVRs”), digital video recorders (“DVRs”) and more.
	\$17.2m 32%	<ul style="list-style-type: none"> Arecont Vision Costar, LLC (“AVC”) is the leading US-based manufacturer of high-performance IP cameras and complete video surveillance solutions. AVC was acquired by Costar in 2018. Arecont Vision Costar solutions include megapixel cameras, video recorders, video management software, and web services.
	\$17.2m 28%	<ul style="list-style-type: none"> CostarHD (“CHD”) manufactures electronic security products for the video surveillance market. Their product portfolio consists of rugged outdoor surveillance cameras with high powered optics, image enhancement features, and pressurized enclosures with IP67 and IP68 ratings for the harshest of environments.
	\$6.6m 11%	<ul style="list-style-type: none"> Innotech Security (“INN”) is a value-added manufacturer of customized video, security surveillance systems and components. Innotech has designed several unique technologies, including their patent pending SMARTCONTROL CAT5 Solution and Intelli-FLEX line.

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)

Distributor Network (45% of Sales)



Systems Integrators (50% of Sales)



Note: End User sales represent the remaining 5% of sales.

Sales Channels & Vertical Analysis



Retail

Increased spending in 2019 to further reduce shrinkage and liability. A pause in Q2 2020 was followed by strength in groceries and pharmacies with steep declines at clothing and accessory stores.



Traffic

The Intelligent Transportation Systems market is expected to grow at a CAGR of 5.8% through 2027. The US accounts for 40% of the global spend. An aging population makes quickly detecting dangerous weather conditions, roadway hazards, and accidents critical.



Education

Market driven by notable disturbances on campus or general mischief. Increased spend in 2020 due to improved access to campuses with reduced student attendance.



Sales Channels & Vertical Analysis



Financial

Banks are facing higher credit risks and smaller margins. This backdrop continues to drive bank branch closures, 1.9% from 2018 to 2019 per the FDIC. There are still 86,000 branches in the US, which represents substantial opportunity for Costar.



Industrial

The US industrial vision market follows manufacturing, since most applications are related to manufacturing. According to the National Association of Manufacturers' Outlook Survey sales for the next 12 months are expected to increase 1.9%.



Infrastructure

Infrastructure spending is a highly politicized area of spending that is dependent upon bipartisan agreement that has been lacking. Historically it grows between 0-4%.



Defense

According to Deloitte's Midyear 2020 Aerospace and Defense Industry Outlook, spending is expected to grow 3-4% in 2020.



Sales & Marketing

Costar's sales team has an established domestic and international footprint. The Company's One Costar initiative will drive sales via a more unified and deliberate marketing effort.



Video Surveillance Market Overview

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

Market Size & Growth

- IHS Markit estimates the World Market for Physical Security Equipment to be ~\$40 billion. The global video surveillance market garnered ~\$22 billion in 2019, and is estimated for ~\$33 billion by 2024 (CAGR of 8.2%).
- Favorable key trends in the Video Surveillance Industry include increased government spending on equipment, increased private sector spending on replacing equipment in retail and commercial installations, demand for higher-definition video surveillance and movement towards video analytics, improved image compression, and cybersecurity

Hardware / Software

- Based on component segments, the hardware segment contributed the highest revenue in 2019, accounting for nearly three-fourths of the total share and is expected to maintain its dominance by 2025
- However, the software segment would grow at the highest growth rate, with a CAGR of 16.7% from 2019 to 2024. This is due to access to real-time monitoring and its ability to take inputs from multiple sensors such as motion detection, facial recognition, and others.

End Markets

- Specific end markets within overall commercial security are more preferable than others given growth and pricing strength such as commercial/enterprise and critical infrastructure.
- Costar's end markets are some of the higher growth markets, including 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. Aggressively working to update products with approved components.
- Leveraging the new Buy America Act

Made in the USA



- Creating a new line of multi-sensor and single sensor camera platforms that are designed and assembled in the USA

Wireless Connectivity on Contera Cameras



- New NDA Comtera Single and Multi imagers with Bluetooth connectivity. Allows installers ease of installation by connecting directly to the camera to set the field of view.

Ease of Installation



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

Local Camera Storage



- New NDA Comtera Single and Multi imagers will have 1TB of onboard storage for local storage of video and events. Allows cameras to be used without VMS and offers video replenishment

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

Growth Strategy



NDAA / Buy American

Upgrading products with components that comply with National Defense Authorization Act will position Costar to be a preferred US supplier



Made in the USA

Expanding our Made in the USA product portfolio to include new single and multisensory technology fully assembled in the USA



New Partnerships

Establishing new partnerships to provide video and data analytics that enable further system automation and business intelligence



Unified Portfolio & Sales Effort

Reduce SKUs across all subsidiaries and unify products offered across Costar

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

2020 and 2021 have been transformative years for Costar. We responded to market challenges, launched our One Costar initiative to unify the organization and create a solid business foundation for 2022



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

