



COSTAR

TECHNOLOGIES, INC.

Company Overview November 2016

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.

Corporate Management Team

Jim Pritchett, President & CEO, was President /Executive Vice-President of **Ultrak** from 1988 to 1999 with Revenue Growth from \$1.7 Million to \$205 Million through internal growth and acquisitions, **Joined Costar 2001**

Scott Switzer, CFO, from 1998 to 2000 he was a consultant with Accenture, and was in Industrial Sales at **Ultrak** in 1998, **Joined Costar 2001**

Mathiew Bais, Chief Technical Officer, was President & CEO of Visual Defense with Revenues of \$45 Million from 2006 to 2008, from 1999 to 2006 he was President & CEO of Visonic Technologies, from 1995 to 1997 he was Managing Director of Product Development at **Ultrak**, **Joined Costar 2008**

Corporate Experience

In ten (10) years Ultrak grew from \$1.7 Million to \$205 Million through increased sales of existing products, sales of new products and acquisitions of businesses in the surveillance industry. Participated in Back-to-Back Secondary Offerings raising \$125 Million and acquired 14 companies in a five year span. Ultrak had 15 divisions worldwide in the US, Germany, Italy, France, United Kingdom, South Africa, Australia, China, Hong Kong and Japan (22 separate P/L's).

In 1995-1997 Ultrak was listed in several national magazines Fastest Growing Small Public Companies in America lists.

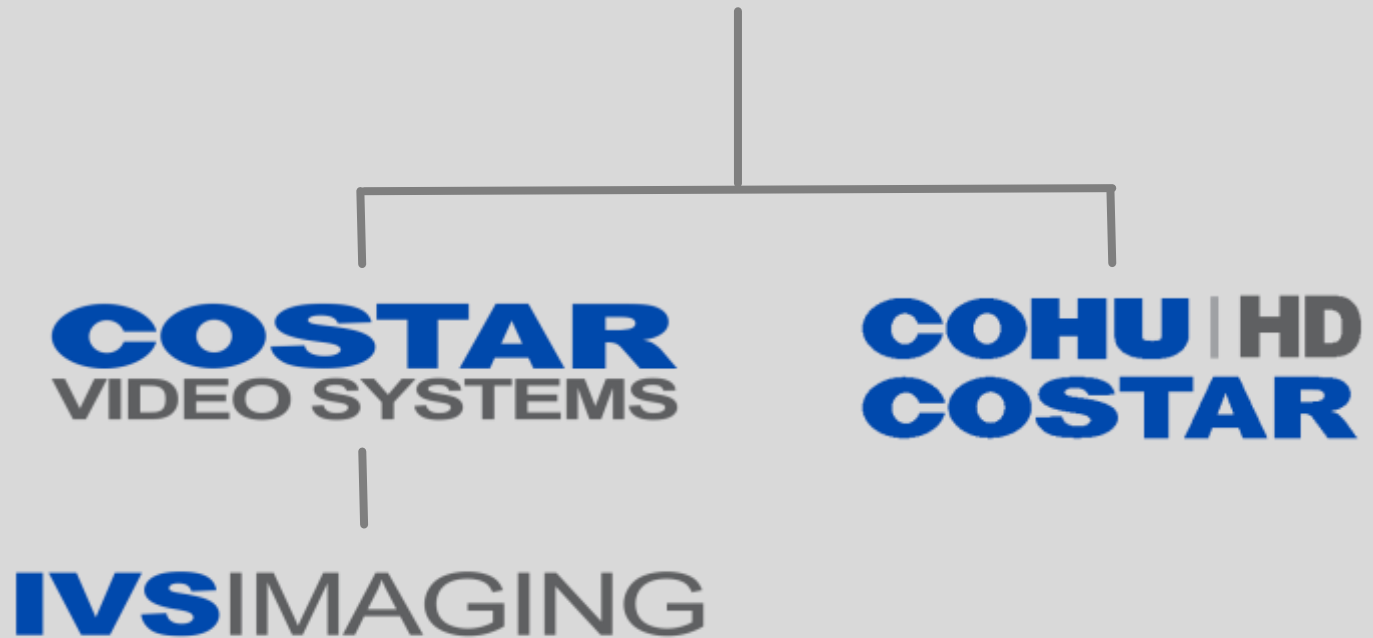
Honeywell acquired approximately 2/3 of Ultrak in 2002 primarily for the Wal-Mart and Diebold businesses.

Corporate Experience



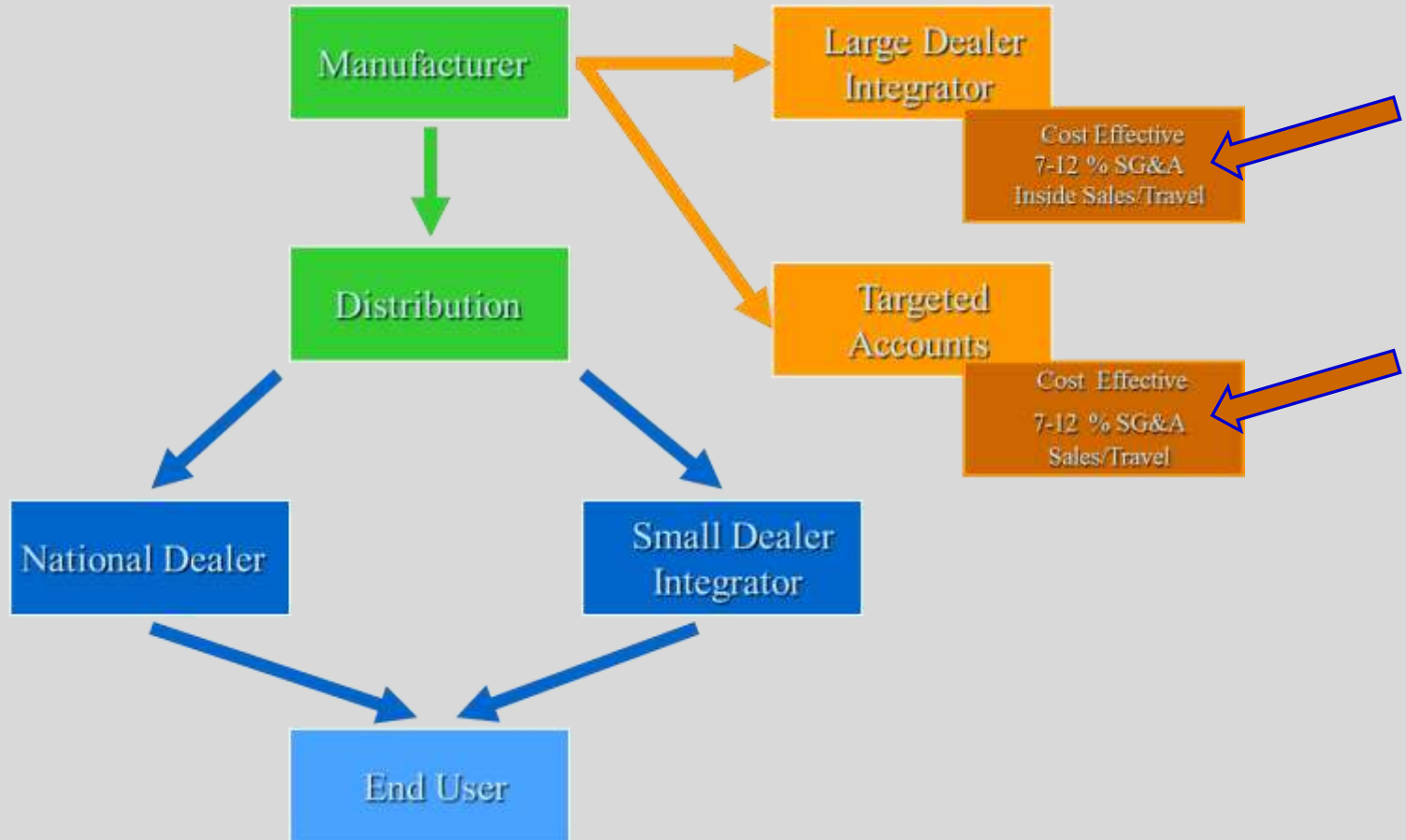
COSTAR

TECHNOLOGIES, INC.



Security Market Channels

Costar Video's Strategy
Large Chains/Repeat Sales



Costar Technologies



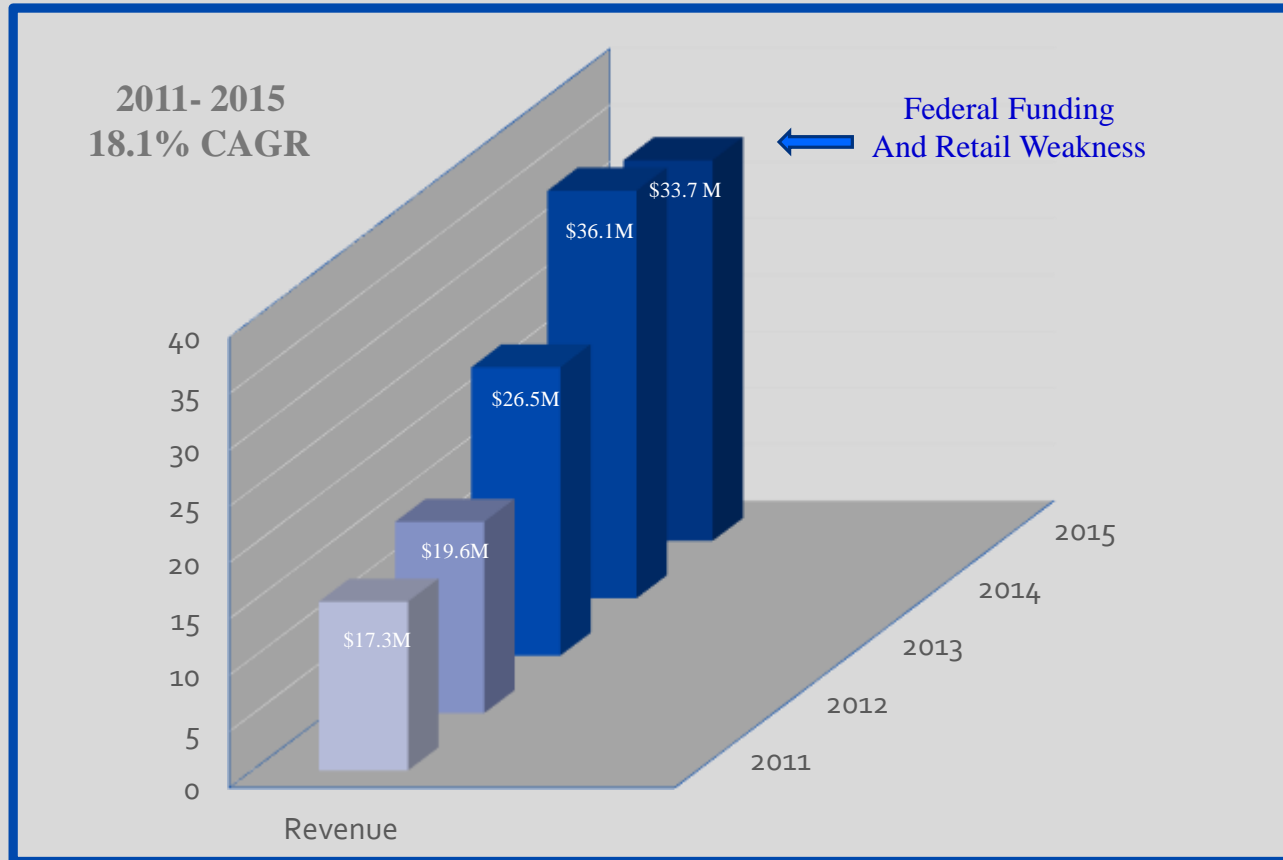
Security Market

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

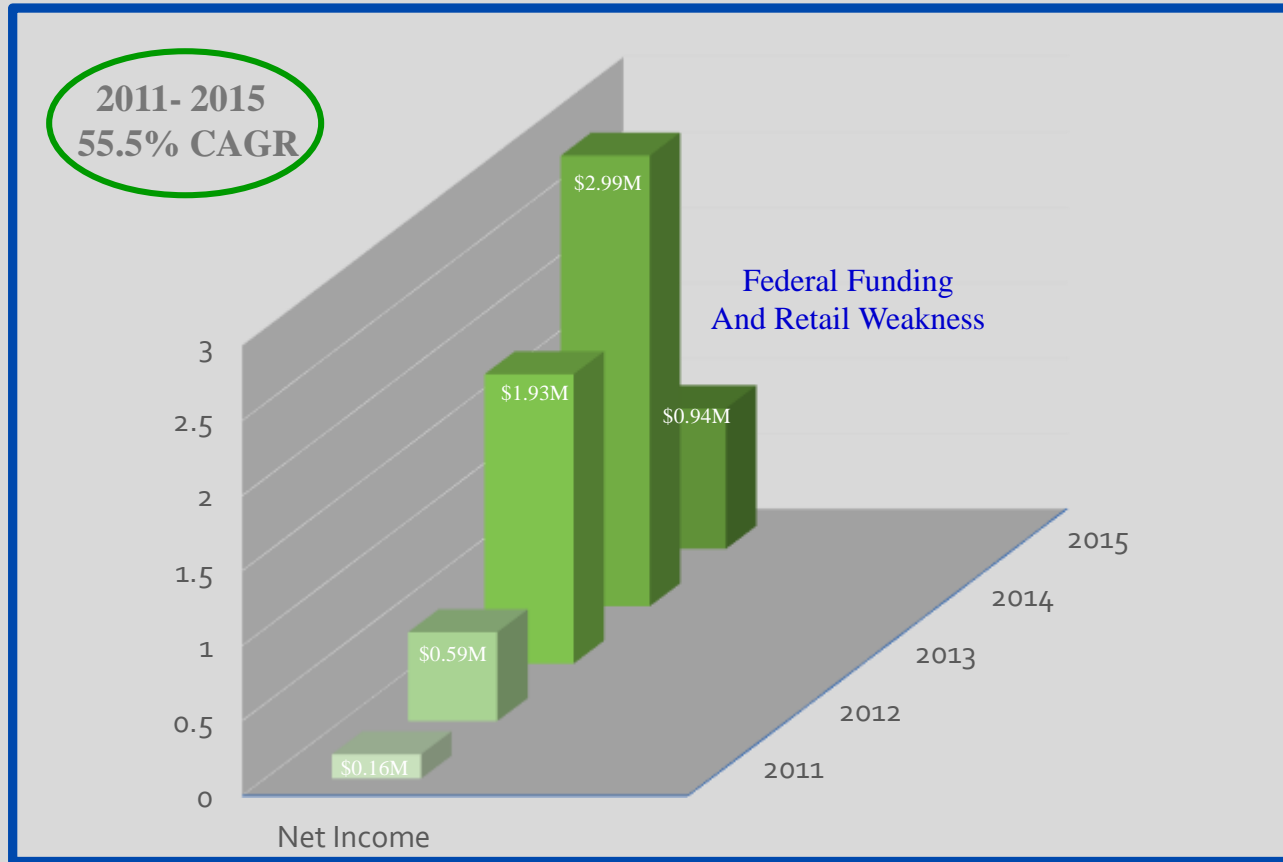
Costar Technologies

Revenue

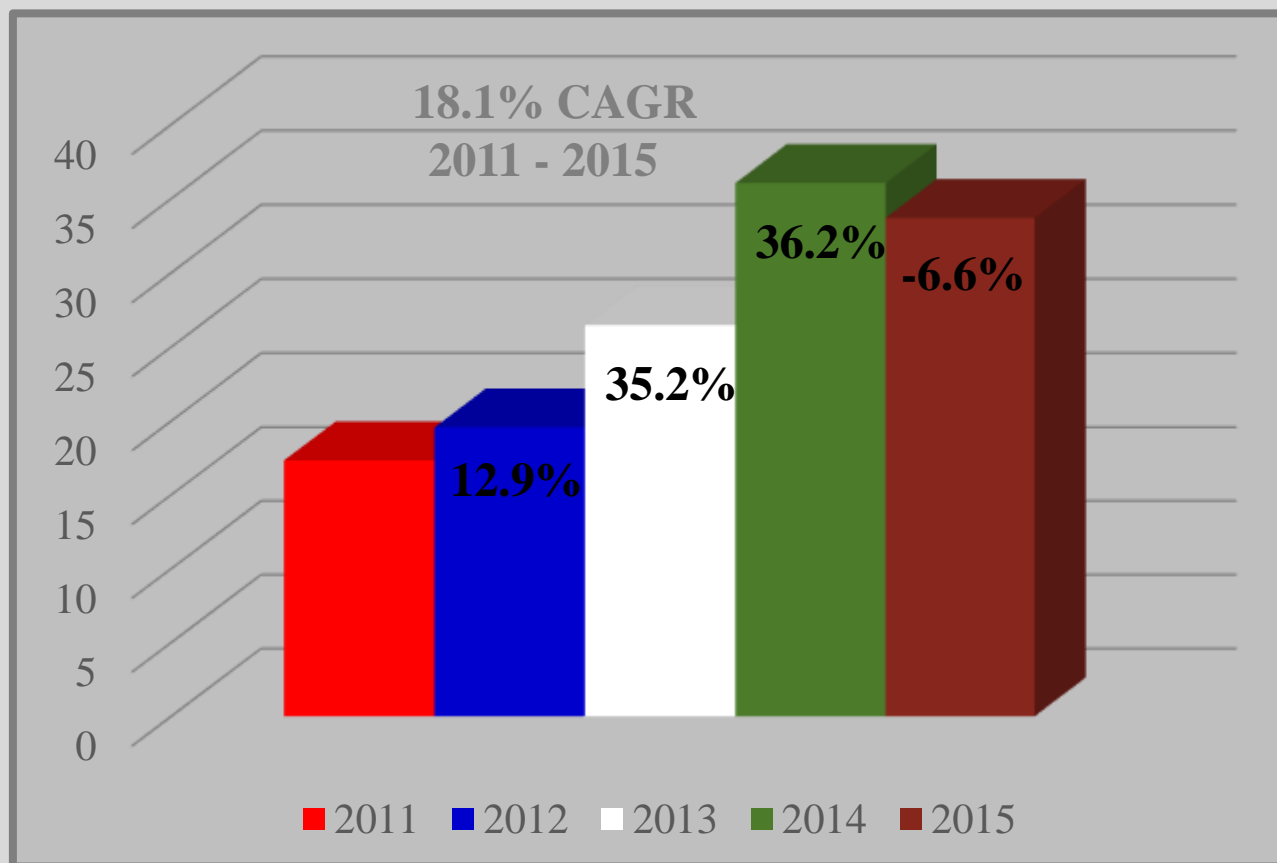


Costar Technologies

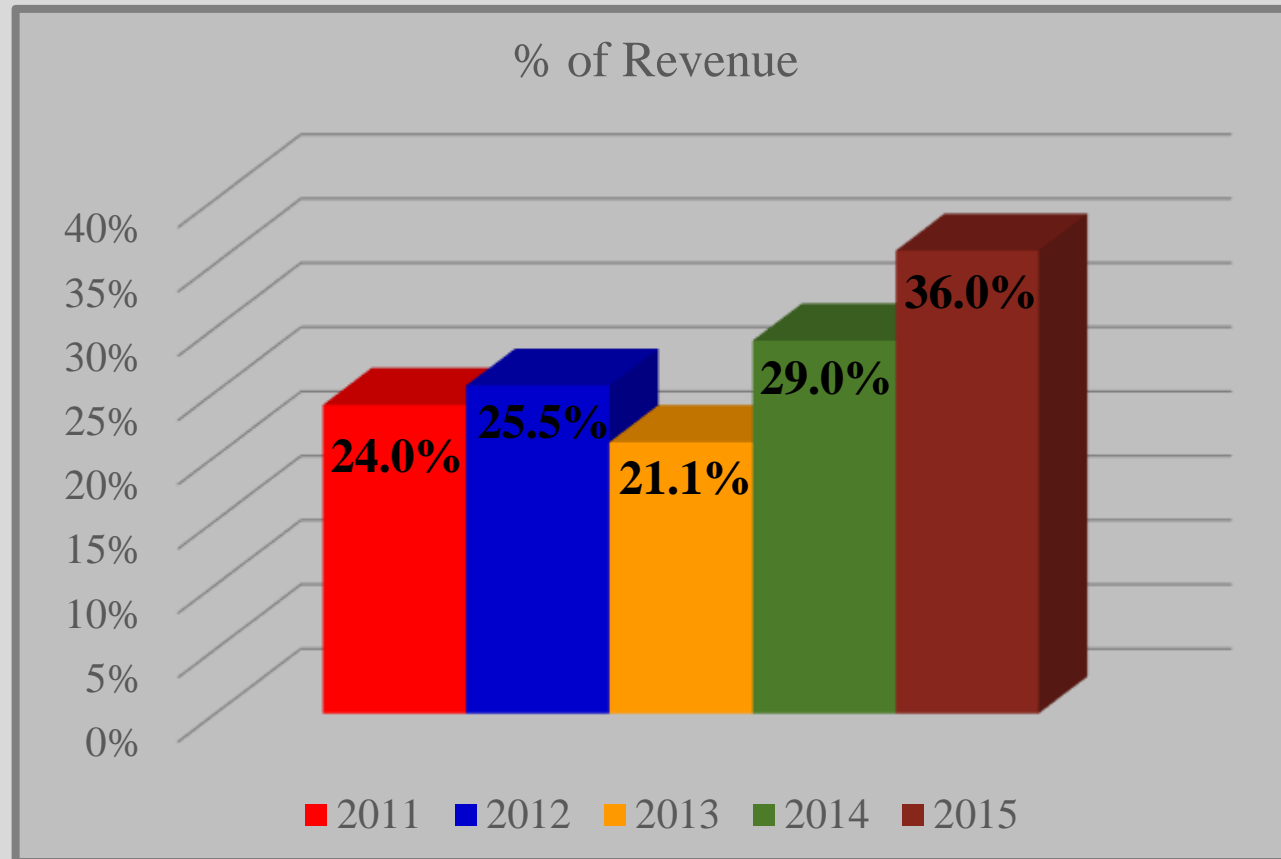
Net Income Before Taxes



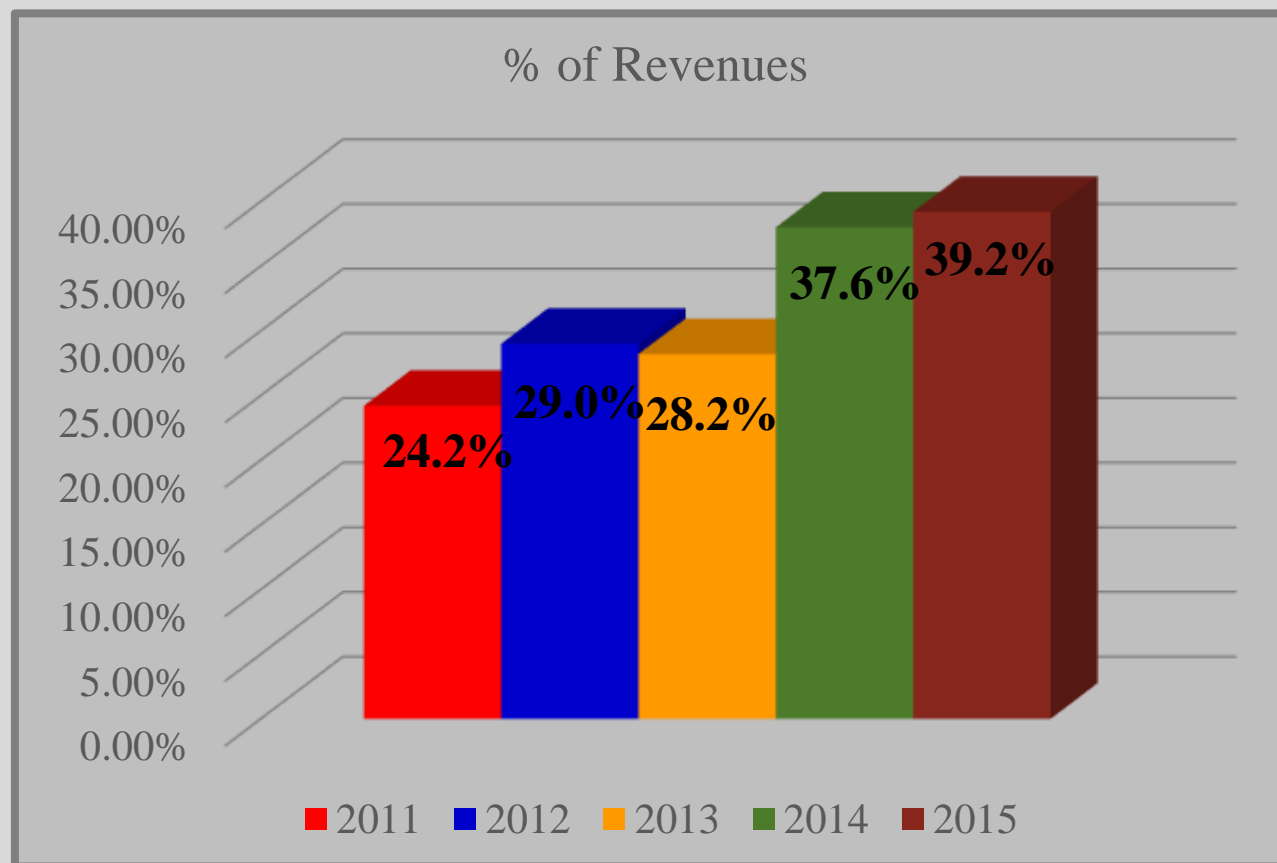
Year Over Year Revenue Growth



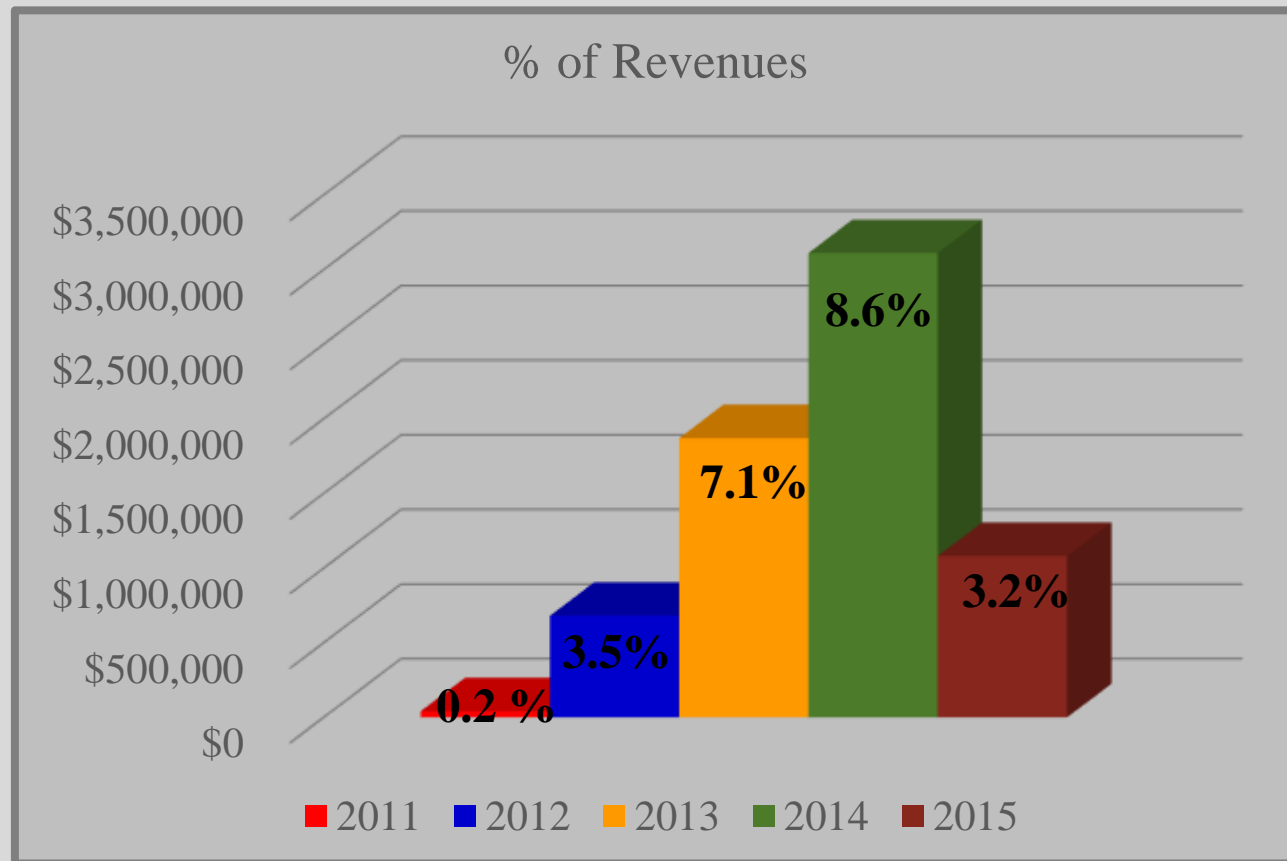
SG & A



Gross Profit Margin



Operating Income

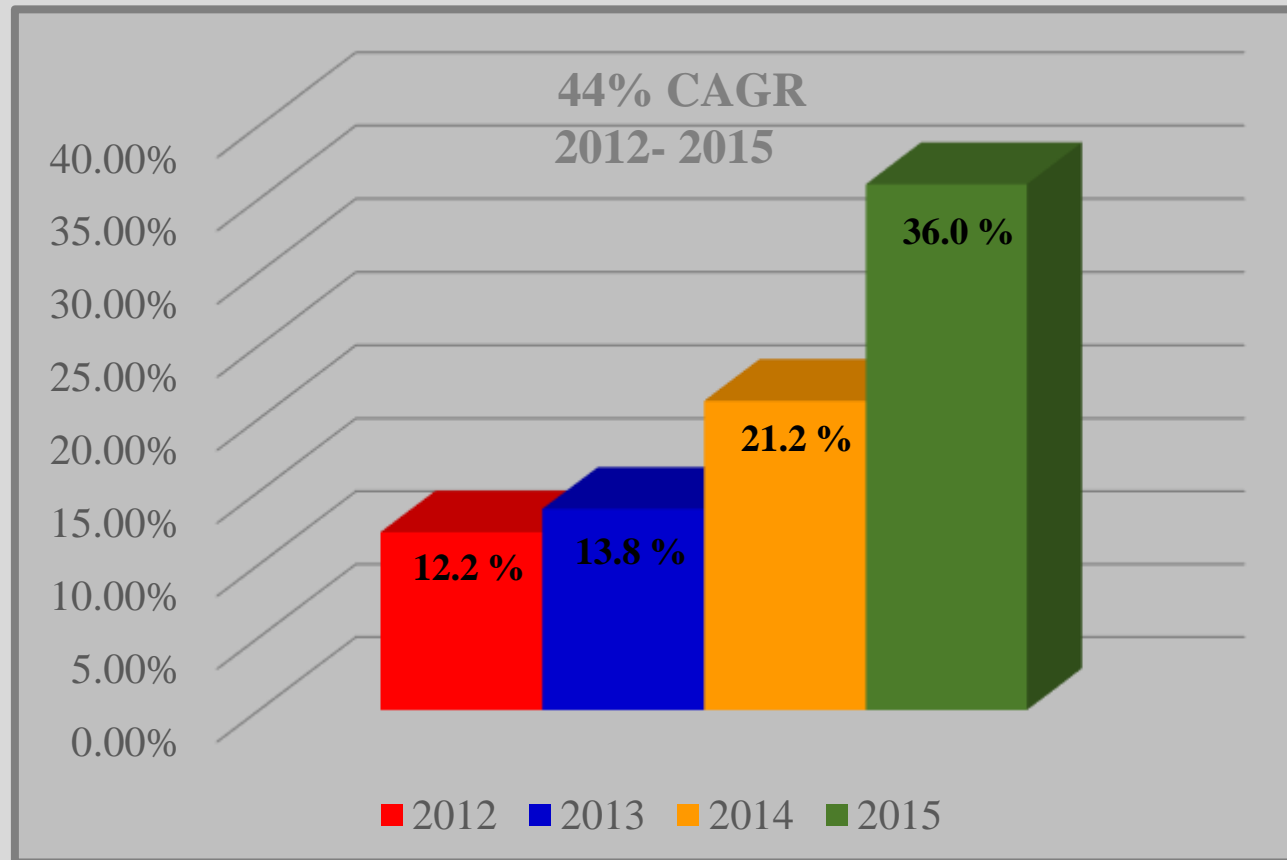


2013 - 2015

Year	2015	2014	2013	Variance
Revenues	\$ 33.68 M	\$ 36.05 M	\$ 26.48 M	-6.6 %
Gross Margin	\$ 13.20 M	\$ 13.56 M	\$ 7.47 M	-2.7 %
GM %	39.2 %	37.6 %	28.2 %	
Operating Expenses	\$ 12.12 M	\$ 10.45 M	\$ 5.60 M	16.0 %
Oper Exp %	36.0 %	29.0 %	21.1 %	
Operating Income	\$ 1.08 M	\$ 3.11 M	\$ 1.87 M	-65.3 %

Network Product Sales

Percent of CVS Revenues



COSTAR
VIDEO SYSTEMS

IVSIMAGING



Headquarters in Coppell, Texas

Costar Video Facility

Open Office



Video Training Room



Video Training Room



DVR Assembly Room
Hardware Assembly/Software



Costar Video Facility

Camera Assembly Room
Hardware Assembly



Clean Room
Board Level Camera Assembly



Tech Support Room
Live Hardware/Software



Warehouse
Same Day Shipping



Costar Video Systems

Strategy

- * **Diversify Our Customer Base to Compensate For Revenues Lost From Our Largest Customer Due to a Decrease In Their Security Spend**
- * **Position Ourselves to Win a Portion 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
- * Expand Our Market Presence Via The Addition of a West Coast Sales Representative in the Fall of 2016

Costar Video Systems

Strategy

- * Identify Efficiencies and Best Practices To Increase Productivity and Profitability
- * Growth Through Acquisition of Complimentary Businesses

Costar Video Customers



IVS Imaging

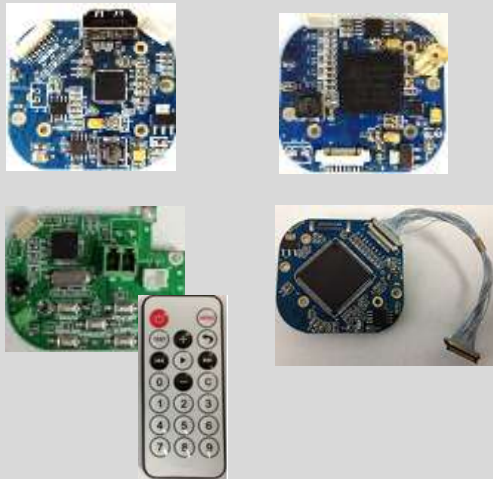
Strategy

- * 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)

Products



Proprietary Control Boards iBlock HDMI, HD-SDI



Proprietary Flexible Configurations

iBlock Housings



iBlock HD Long Range Camera



2.1 Mile Zoom

IVSIMAGING



**Facility in Poway, California
Acquired June 6, 2014**

CohuHD Facility

**SMT and Wave Flow
Soldering Machines**



**Demand Flow
Technology Production Line**



**Demand Flow
Technology Production Line**



**Demand Flow
Technology Production Line**



CohuHD

Strategy

- * Grow Traffic Market, Particulary 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



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 Customers

Defense



Transportation



Critical Infrastructure



CohuHD Installations



- Freeways of Rio
- Golden Gate Bridge
- Skyway Bridge Tampa, FL
- Saudi Oil Fields
- International Space Station
- German Train Stations
- Kennedy Space Center
- Stryker Armored Vehicles
- Protecting Borders Around the World

CohuHD

Long Range HD Optics

- ❑ 137x zoom
- ❑ Human Detection to 30 miles
- ❑ Lens Options to suit application



808nm Laser Illumination at 2Km

Ruggedized Environmental

- ❑ IP67/IP66, -40° to +60° C Operation

