



# Imperial Capital Presentation

December 2, 2020

# 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



**AVCOSTAR™**

Glendale, California  
Duarte, California



**COSTAR**  
VIDEO SYSTEMS

Coppell, Texas



**COHU | HD**  
**COSTAR**

San Diego, California



**innotech**  
MANUFACTURERS OF INNOVATIVE SECURITY PRODUCTS

Pompano Beach, Florida



## 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

140+ Employees



## Intellectual Property

20+ Patents

# Leadership Team



**Scott Switzer**

Interim Chief Executive Officer



**Shane Compton**

Chief Operating Officer &  
Chief Product Officer



**Sarah Ryder**

Chief Financial Officer



**Mike Rose**

Vice President of Sales

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.

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.

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.

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.

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**1** Company  
Culture  
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.

Unified Engaged Organization

Quality & Reliability

World Class Service & Support

Innovation



## Quality & Reliability

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



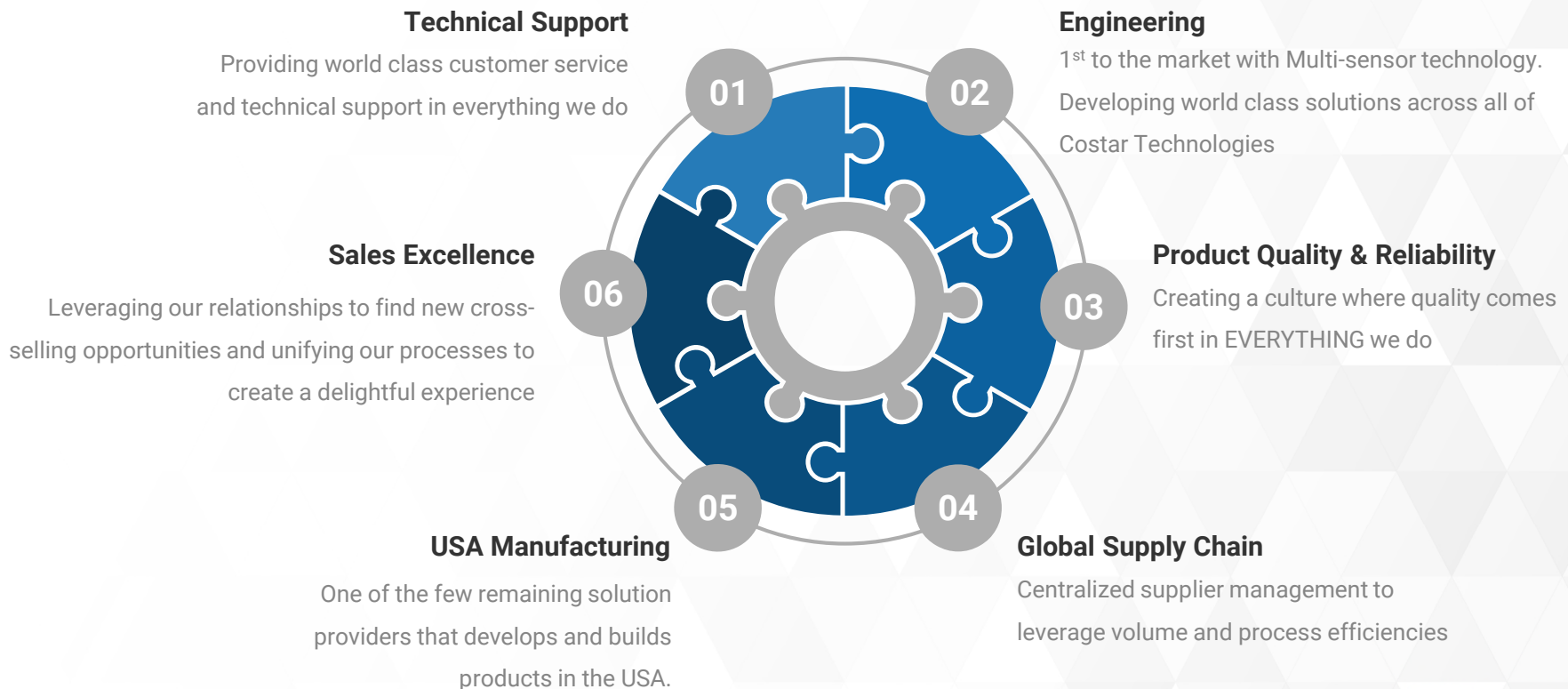
## Innovation

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

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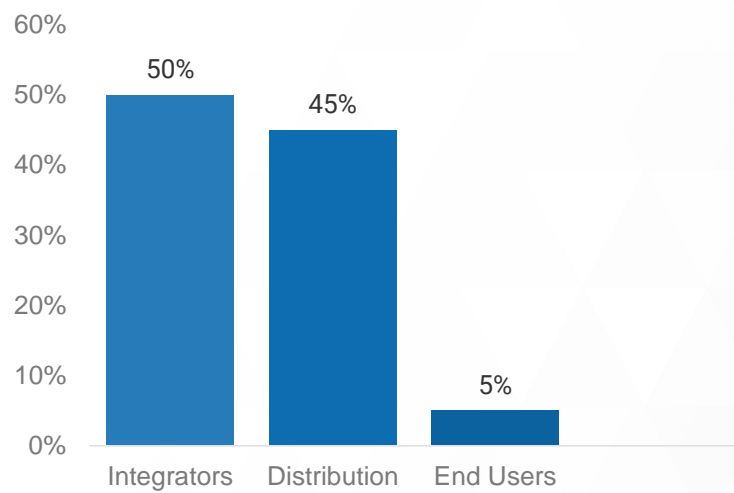
# Centers of Excellence

Providing World Class Service in everything we do!

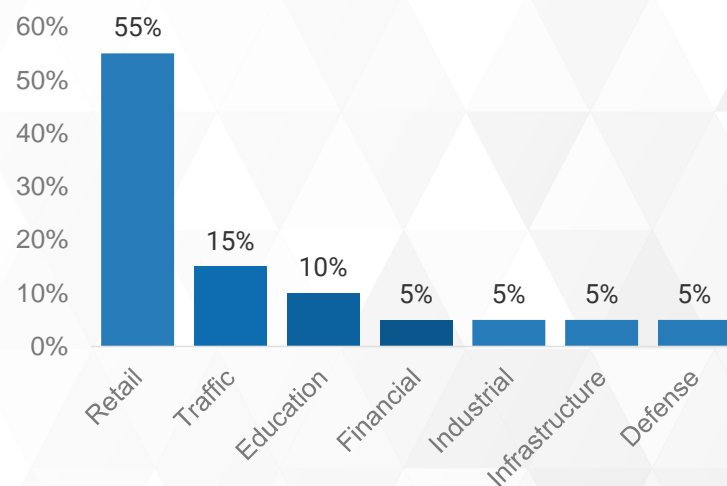


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# Sales Channels & Vertical Analysis 2019



**Sales Channels**



**Verticals**



# 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. Significant interest in thermal cameras for fever detection in response to the pandemic.



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# 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%.



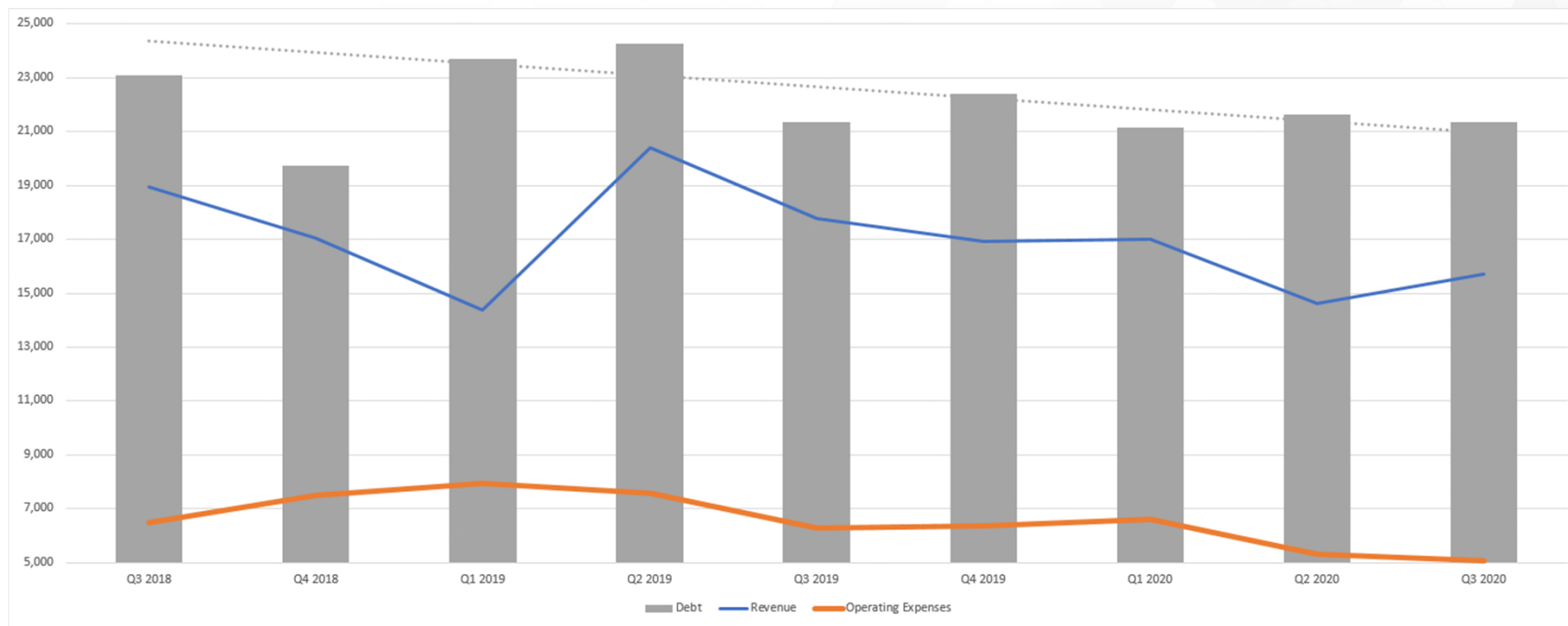
## Defense

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



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# Financial Overview





### **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

# **COSTAR**

## **TECHNOLOGIES, INC.**

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

**Providing World Class  
Service in Everything We Do**