

Costar Technologies, Inc. Company Overview

COSTAR
TECHNOLOGIES, INC.

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
VIDEO SYSTEMS

COSTAR
COHU | HD

COSTAR
Arecont Vision

COSTAR
innotech

Company Overview

Company Strengths

Attractive Video
Surveillance Security
Market
\$20.2 Billion TAM

- According to IHS, the Physical Video Surveillance Equipment industry is expected to grow to \$20.2 billion by 2020 growing at a CAGR of approximately 6.3% from 2015
- IHS estimates only 20% of the globally installed camera base is comprised of network cameras. With improvements in IP camera technology and falling bandwidth prices, the industry is in the midst of a significant refresh cycle and Costar Technologies stands to win a significant share of the market
- Due to the high value nature of the assets protected by security systems, and the relatively low cost compared to the value of those assets, the security industry has proven to be resilient to economic cycles

Diversified, Global,
Blue-Chip Customer
Base
Minimum Credit Risk

- Costar Technologies' end-user customer base includes blue-chip customers such as Apple, Google, Wal-Mart, Publix, Sprouts, Facebook, Microsoft, Citibank, CVS, FedEx, Staples, Wells Fargo, Regions, and Cinemark
- Through a strong distribution network, Costar Technologies has the reach to sell around the globe
- With a broad product offering at various price points, Costar Technologies is able to sell products to all industries, including data centers, government, retail, financial, sports stadiums and healthcare
- Increased camera demand due to technology changes from analog to IP, analytics, automation, cashier-less, and data analysis

Strong Presence
Across a Diversified
Network of Leading
Distributors and
Dealers

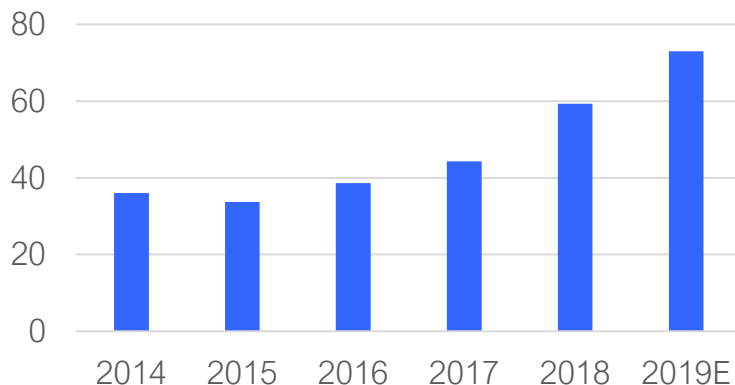
- Costar Technologies has strong relationships with over 100 distributors, including leaders such as ADI, Anixter/Tri-Ed, Scansource, Wesco/CSC, Norbain, PSA and Harco
- Additionally, the Company has relationships with over 1,000 systems integrators, including ADT, Tyco IS, G4S, Securitas, Diebold, Convergent Technologies, Johnson Controls, Stanley and Siemens
- Due to its product advocacy, training and education efforts, project identification tools, tech support, and sales support, Costar Technologies has become one of the preferred manufacturers of choice amongst leading security systems integrators and dealers

Company Overview

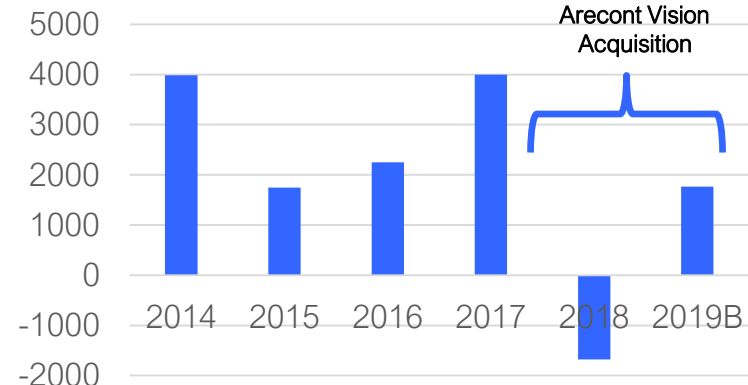
Introduction

- Costar Technologies is a leading manufacturer of video surveillance solutions
- With a channel partner network of over 1,100 distributors and systems integrators, Costar Technologies sells its products around the world
- The Company is headquartered in Coppell, TX and has approximately 200 employees worldwide with manufacturing divisions in California and Florida

Revenue



EBITDAR



Company Overview

Management Team

Jim Pritchett, President & CEO

Jim joined Costar in 2001. Previously Jim was the President and Executive Vice President of Ultrak from 1988 to 1999 with Revenue Growth from \$1.7 Million to \$205 Million through internal growth and acquisitions. *Honeywell acquired Ultrak in 2002.*

Scott Switzer, CFO & COO

Scott joined Costar in 2001. Previously, Scott was a consultant with Accenture from 1998 to 2000. Prior to Accenture he was in industrial sales at Ultrak in 1998.

Mathiew Bais, CTO

Mathiew joined Costar in 2008. Previously, Mathiew was President and CEO of Visual Defense with Revenues of \$45 Million from 2006 to 2008, from 1999 to 2006 he was President and CEO of Visonic Technologies, from 1995 to 1997 he was Managing Director of Product Development at Ultrak.

Doug Means, CohuHD General Manager

Doug joined CohuHD in 2014. Previously, Doug was the CEO for ELO Touch Solutions from 2012 to 2014. Prior to ELO he spent 15 years in various executive roles with Motorola.

Shane Compton, Arecont Vision General Manager

Shane joined Costar in 2018. Previously, Shane was the CTO for Pelco, by Schneider Electric from 2001 to 2017 where he led global engineering and product development teams to deliver world class video surveillance products and solutions.

Sarah Ryder, Corporate Controller

Sarah joined Costar in 2015. Previously, Sarah was a Manager with CBIZ/Mayer Hoffman McCann, a professional advisory services and public accounting firm. Sarah joined us with over seven years of public accounting and consulting experience with an emphasis on financial statement audits, internal audit and other accounting-related management consulting services

Worldwide Ranking

The screenshot shows the '2019 Security 50 by Region' section of the website. The table lists the top 50 security companies. An arrow points to the row for COSTAR TECHNOLOGIES, which is ranked 35th worldwide. The table includes columns for rank, company name, main product group, revenue in 2018, and revenue growth from 2017 to 2018.

'19	Company	Main Product Group	Revenue (in US\$ millions) 2018	Revenue Growth 2017-2018
North America				
6	FLIR SYSTEMS (Commercial, Government and Defense)	Video Surveillance	\$1,057.8	6.3%
8	ALLEGION (Electronic Products and Access Control)	Entry System	5573.7	13.4%
27	NAPCO SECURITY TECHNOLOGIES	Multiple	579.7	0.4%
31	IDENTIV	Entry System	572.0	27.6%
35	COSTAR TECHNOLOGIES	Video Surveillance	558.9	33.1%
41	VICON INDUSTRIES	Video Surveillance	527.7	4.1%

Number 5 in North American and Number 35 Worldwide

Source: www.asmag.com

Worldwide Ranking



REPORTS

TRENDS

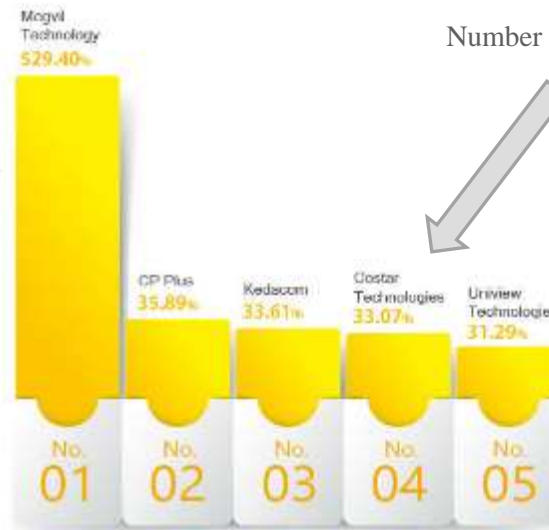
RANKINGS (Member Only)

QUICK VIEW

Revenue Growth > 20%

A total of 37 companies on this year's Security 50 reported revenue growth between 2017 and 2018, indicating that 2018 overall was another growth year for security players. The Chinese company Megvii clinches the top spot for revenue growth, achieving growth of 529.4 percent from 2017's revenue of US\$25.37 million to last year's \$159.7 million. It was followed by CP Plus, Kedacom, Costar Technologies and Uniview Technologies.

- No.6 27.64% Identiv
- No.7 26.94% IDIS
- No.8 25.58% Dahua Technology
- No.9 22.66% Assa Abloy
- No.10 21.00% Magal Security Systems



Number 4 Worldwide

Source: www.asmag.com

Worldwide Ranking



REPORTS

TRENDS

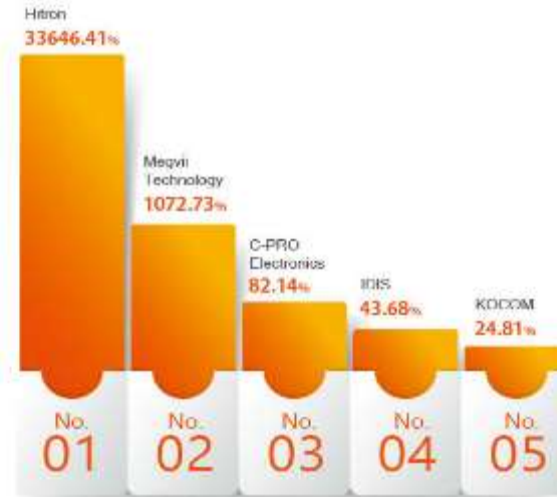
RANKINGS (Member Only)

QUICK VIEW

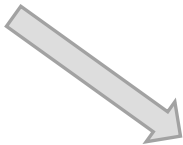
Gross Profit Growth > 20%

Korean companies dominate the top gainers, with Hitron clinching No.1 with a gross profit growth of nearly 34,000 percent between 2017 and 2018. The company had negative gross profit in 2017, but saw it rise to \$7.16 million in 2018. Revenue-wise, the company had a revenue of \$37.04 in 2018, which is a rise of 8.52 percent from 2017's \$34.14 million. Hitron is followed by Megvii, C-PRO Electronics, IDIS and KOCOM.

- No.6 22.22% Suprema
- No.7 21.89% Costar Technologies
- No.8 20.25% Axis Communications

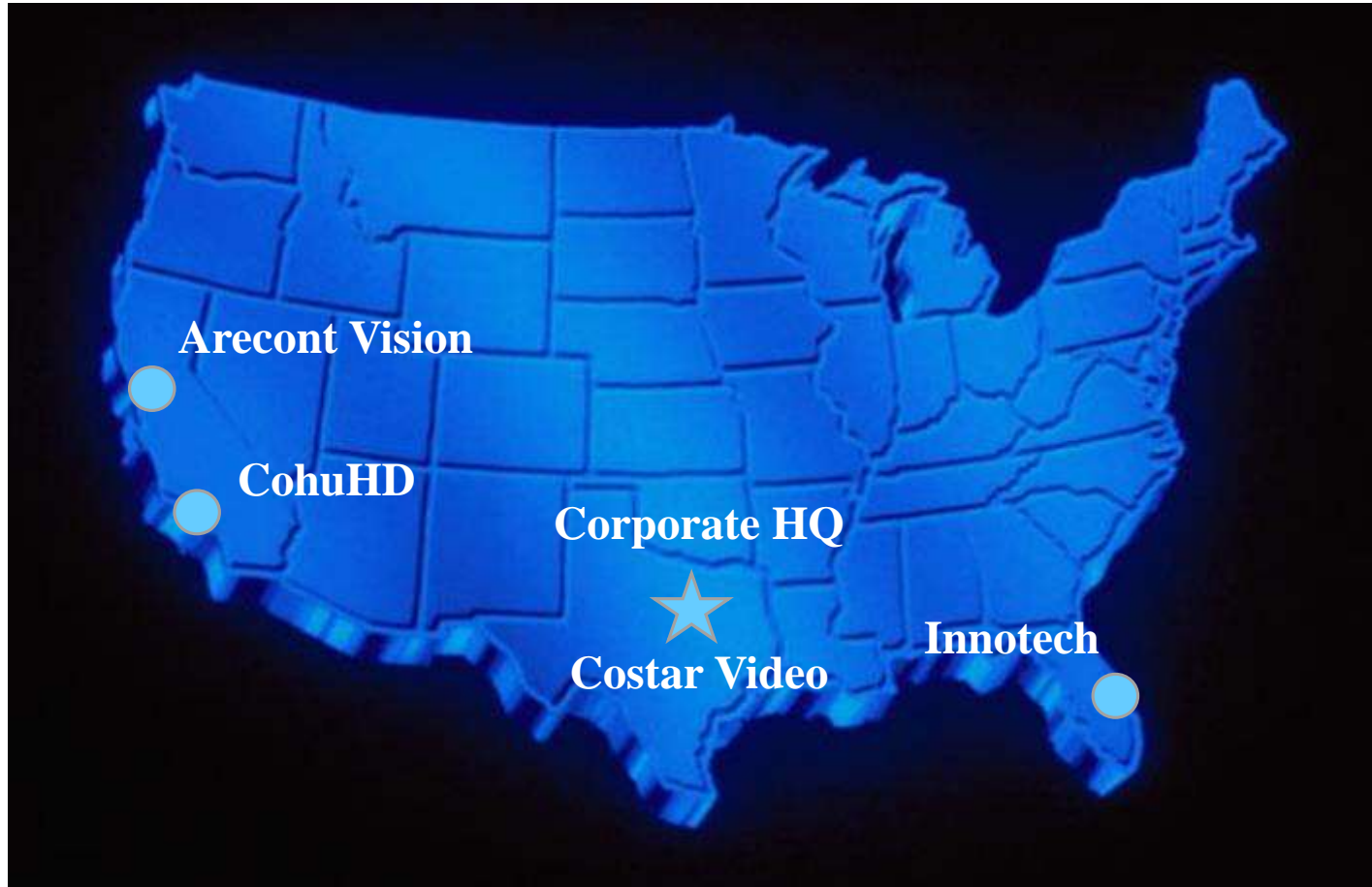


Number 7 Worldwide



Source: www.asmag.com

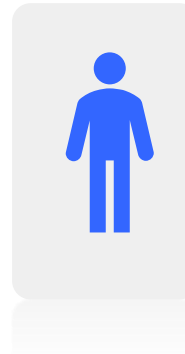
Manufacturing/Warehouse



Company Overview

Sales Force

Pre-Arecont Vision acquisition
Costar Video, CohuHD and
Innotech had limited sales
representatives in the USA
and the Middle East



Pre-Arecont July 2018

- 15 Sales Reps
- Primarily USA



Post-Arecont July 2018

- 41 Sales Reps
- USA, Latin America, EMEA,
and Asia

Company Overview

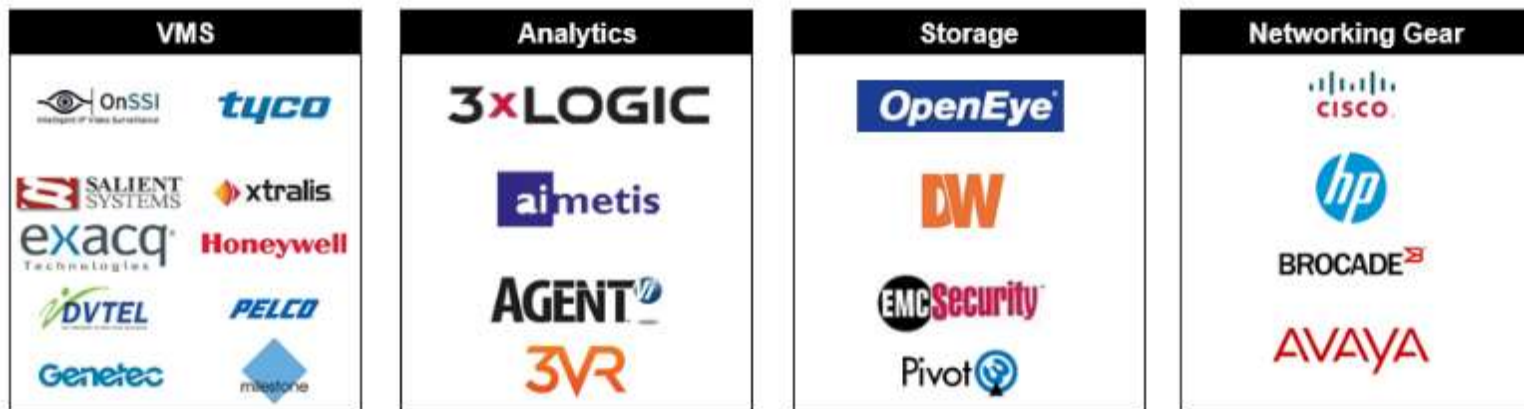
Technology Advantages

- The Arecont Vision division products are designed and manufactured in the USA and use Field Programmable Gate Array (FPGA) chips which are reprogrammable, flexible, customizable, and can deploy upgrades remotely.
- The CohuHD division **RISE** products are designed and manufactured in the USA and are designed for critical infrastructure applications. The cameras are sealed and pressurized and can withstand -40 to 75 Degrees C and are designed for hurricane level torque resistance.
- The CohuHD's Command Core "Smart Camera" User Interface and Opti Core Technology are key differentiators in the market allowing remote camera and firmware updating.
- Costar Video Systems division products offers customized user interfaces and are manufactured in Korea utilizing contract factories that the company has partnered with for over 30 years.

Company Overview

Technology Partners

- In addition to its in-house capabilities, the Company collaborates with over 100 technology partners to ensure a portfolio of products with best-in-class, cutting edge technologies and features
- The Company's technology partners include manufacturers of video management software, analytics, servers, storage, optics, enclosures, switches, and other products
- Moreover, the Company engages in joint selling efforts with its partners when going to the market. The Company's collaborative efforts have made Costar Technologies a sought after affiliate in a very competitive and discerning industry.



Company Overview

Channel Partner Ecosystem

- As part of its extensive sales effort, Costar Technologies sells products via channel partners, which include leading international distributors, systems integrators and manufacturers rep firms. The Company is supported by 100 distributors, over 1000 systems integrators, and 15 manufacturer sales representatives.
- The Company works closely with channel partner to facilitate the authorization/qualification of its products, thereby making the relationship efficient and defensible where Costar Technologies acts a a partner in the truest sense of the word.
- The Company leverages its internal sales force to generate leads. As a true channel partner. The Company currently does not sell directly to an end user (the only exception being Wal-Mart).



Company Overview

Markets

Costar Technologies develops, designs, and distributes a range of video surveillance solutions.

Our product portfolio consists of video management software (VMS), surveillance cameras, network video recorders (NVRs), digital video recorders (DVRs) and more.



Retail

- Entertainment/Distribution Centers
- Pharmacies
- Grocery Stores



Financial

- Banks / Credit Unions
- ATM's



Transportation

- Incident Management
- Adaptive Signal Control
- Toll Agencies



Defense

- Border Surveillance
- Port Surveillance
- Military Bases



Critical Infrastructure

- Oil Production
- Government Buildings
- Power Plants

Company Overview



Retail & Financial Outlook

- Video analytics and artificial intelligence are expanding the market for our retail segment
- Technology updates during remodels are increasing revenues as analog cameras are being replaced by IP to take advantage of higher resolution, video analytics and artificial intelligence

Company Overview

Transportation Outlook

- Artificial Intelligence is expanding the market for our transportation segment with the emergence of Safe Cities and concerns over safer highways. The U.S. market is expected to expand with the possibility of increased Federal funding
- 25,000+ analog cameras installed throughout the U.S. will require upgrades as most ITS transitions from analog to IP to take advantage of higher resolution and AI
- Expect to increase ITS Traffic market share by:
 - Targeting “Battleground States”
 - Showcase the capabilities of the new RISE II camera and the Command Core “Smart Camera” User Interface and Opti Core Technologies as a key differentiators

Company Overview

Defense & Critical Infrastructure Outlook








- In 2016, the Surveillance & Security Global Un-Cooled Thermal Camera was slightly more than \$1.6 Billion
- Sharp rise in defense expenditures expected to benefit the Surveillance & Security segment
- By the end of 2017, this segment is anticipated to reach a market valuation of more than \$3.0 Billion
- In December 2018, CohuHD Costar won a \$2.5 Million contract for perimeter protection for a Saudi Arabian oil field with our new thermal camera
- In 2019, CohuHD Costar won a large contract for the Canadian border with SPAWAR



Source: Future Markets & Insights 4/11/2017








Company Overview

Product Applications

Overview of Costar Technologies End Markets and Selected End Users		
End Market	Market Dynamics	Selected End Users
Technology Companies	Increasing outsourcing of data storage and the exponential growth of total data volume are driving the need for surveillance of data centers	
Government	Authorities have begun to implement more stringent legal requirements regarding camera surveillance in public areas	
Retail	Pent-up demand for new surveillance systems stemming from delayed spending during the recession and ongoing desire to reduce shrinkage in retail. Artificial intelligence and software solutions creating new opportunities	
Financial	Increasing outsourcing of data storage and the exponential growth of total data volume are driving the need for surveillance of data centers	
Petrol & Convenient Stores	High foot traffic and high square footage area typically manned by a single employee require the deterrence of a video surveillance system	
Gaming	Casino properties see high volumes of individuals entering and exiting premises where significant amounts of cash exchange hands or are stored at the property	
Hotel	Confined areas with a large concentration of individuals require high quality security solutions	








Company Overview

Product Applications (cont'd)

Overview of Costar Technologies End Markets and Selected End Users		
End Market	Market Dynamics	Selected End Users
Education	Highly reactive market based on vandalism and high profile incidents of school violence	
Healthcare	Healthcare facilities are held to a regulatory standard (e.g. HIPAA) of providing a safe and secure environment for patients and workers	
Stadiums	Confined areas with a large concentration of individuals require high quality security solutions	
Industrial	Includes commercial, industrial, ports, hotel, gaming, auto sales, logistics, municipalities, and large venues	
Logistics	High volume of merchandise and goods handled by employees on a daily basis necessitates the need for surveillance	
Defense	Increased concerns over border protection, commercial perimeter, and utilities require high quality security solutions	
Critical Infrastructure	Significant risk of pilferage at ports where individuals can easily avoid detection from human guards	






Company Overview

Current Product Offering

Current Commercial Grade Product Offering		
Product	Description	Product Photos
Commercial Grade Cameras	Full MegaPixel product line of indoor dome, outdoor dome, bullet, 360 degree and Pan-Tilt/Zoom high speed indoor and outdoor domes	
Commercial Grade Monitors	Healthcare facilities are held to a regulatory standard (e.g. HIPAA) of providing a safe and secure environment for patients and workers	
Commercial Grade Recorders	Confined areas with a large concentration of individuals require high quality security solutions	
Commercial Grade Accessories	Includes commercial, industrial, ports, hotel, gaming, auto sales, logistics, municipalities, and large venues	
Enterprise Video Management Software	High volume of merchandise and goods handled by employees on a daily basis necessitates the need for surveillance	
Enterprise Matrix	Increased concerns over border protection, commercial perimeter, and utilities require high quality security solutions	
Enterprise Video Wall	Significant risk of pilferage at ports where individuals can easily avoid detection from human guards	





Company Overview

Current Product Offering

Current FPGA MultiPixel & Multi-Sensor Product Offering		
Product	Description	Product Photos
MegaPixel FPGA Compact Series	Small and feature-rich camera with a range of options available	
MegaPixel FPGA SurroundVideo Series	All-in-one Day/Night multi-sensor 180 and 360 degree panoramic cameras including the industry's first WDR panoramic camera	
MegaPixel FPGA MicroDome Series	Small, ultra-low profile, H.264 all-in-one multi-megapixel cameras with multiple capabilities, our largest unit volume product	
MegaPixel FPGA SurroundVideo OMNI Series	Multi-sensor cameras, available in 12 or 20 megapixel (MP) resolutions, featuring a revolutionary commi track design with four independently configured cameras, our largest revenue producing line of products	
MegaPixel FPGA MegaDome Series	All-in-one solution, available in a range of megapixel configurations with remote zoom, Day/Night, and optional heater kit for climate control	




Company Overview

Current Product Offering

Current Contera MultiPixel & Multi-Sensor Product Offering		
Product	Description	Product Photos
MegaPixel Contera SurroundVideo Series	All-in-one Day/Night multi-sensor 180 and 360 degree panoramic cameras including the industry's first WDR panoramic camera	
MegaPixel Contera MicroDome Series	Small, ultra-low profile, H.264 all-in-one multi-megapixel cameras with multiple capabilities, our largest unit volume product	
MegaPixel Contera SurroundVideo OMNI Series	Multi-sensor cameras, available in 12 or 20 megapixel (MP) resolutions, featuring a revolutionary commi track design with four independently configured cameras, our largest revenue producing line of products	
MegaPixel Contera MegaDome Series	All-in-one solution, available in a range of megapixel configurations with remote zoom, Day/Night, and optional heater kit for climate control	

Company Overview

Current Product Offering

Current Rugged Product Offering for Critical Infrastructure and Transportation		
Product	Description	Product Photos
RiSE II PTZ Dome	Rugged, IP67 sealed & nitrogen pressurized PTZ, advanced optics, low light, video analytics, -40 to 75 degrees C, and hurricane level holding torque	
MegaPixel FPGA SurroundVideo Series	Rugged, IP67 sealed & nitrogen pressurized positioner, advanced optics, low light, video analytics, -40 to 75 degrees C, and hurricane level holding torque	
MegaPixel FPGA MicroDome Series	Rugged, IP67 sealed & nitrogen pressurized visual & thermal dual head positioner, advanced optics, low light, video analytics, -40 to 75 degrees C, and hurricane level holding torque	

Company Overview

Video Analytics/Artificial Intelligence

- Our commercial cameras come with embedded Video Analytics such as **Motion Detection**, **Tripwire** and **Intrusion** provides entrance alerts in a prohibited area. **Abandoned** and **Missing Object** analytics informs suspicious objects left behind or valuable objects removed. **Scene Change** reports any Field of View changes. **Tamper** alerts of any camera view blockages.
- Our CohuHD cameras come with embedded Artificial Intelligence for ITS applications, such as **Wrong Way Detection**, **Vehicle Identification & Count**, **Vehicle Speed**, and **Stalled Vehicle**.
- Artificial Intelligence for **License Plate Recognition**, **Facial Recognition**, **Reporting Statistics**, **Push Notification**, and **Event Playback** requires an external server with our AI software due to the required higher processing power.