

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Costar Technologies, Inc.

Quarterly Report For the Period Ending: September 30, 2019 (the "Reporting Period")

As of September 30, 2019, the number of shares outstanding of our Common Stock was:

1,600,316

As of December 31, 2018, the number of shares outstanding of our Common Stock was:

1,551,316

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒ (Double-click and select "Default Value" to check)

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

1) Name of the issuer and its predecessors (if any)

Costar Technologies, Inc.
February 20, 1997, Delaware (under the name "Fairmarket, Inc.")

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

2) Security Information

Trading symbol: CSTI
Exact title and class of securities outstanding: Common Stock
CUSIP: 22161J206
Par or stated value: \$0.01

Total shares authorized: 10,000,000 as of date: September 30, 2019

Total shares outstanding: 1,600,316 as of date: September 30, 2019

Additional class of securities (if any):

Trading symbol: CSTI
Exact title and class of securities outstanding: Preferred Stock
CUSIP: 22161J206
Par or stated value: \$0.01
Total shares authorized: 10,000,000 as of date: September 30, 2019
Total shares outstanding: 0 as of date: September 30, 2019

Transfer Agent

Name: Computershare (Jordan Chisholm)
Phone: (303) 262-0795
Email: Jordan.Chisholm@computershare.com

Is the Transfer Agent registered under the Exchange Act?? Yes: ☒ No: ☐

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

N/A

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On July 13, 2018 the Company acquired the assets of Arecont Vision, a manufacturer of network cameras and megapixel surveillance cameras, offering a large selection of megapixel IP cameras.

3) Issuance History

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Number of Shares outstanding as of <u>December 31, 2016</u>	<u>Opening Balance:</u> Common: <u>1,492,991</u> Preferred: <u>0</u>		*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
<u>5/16/2017</u>	<u>New issuance</u>	<u>21,000</u>	<u>Common</u>	<u>\$10.25</u>	<u>No</u>	<u>James Pritchett (7,000)</u>	<u>Stock Award</u>	<u>Unrestricted</u>	<u>Registration</u>

						<u>Scott Switzer</u> <u>(4,000)</u> <u>Mathiew</u> <u>Bais (1,600)</u> <u>Mike Rose</u> <u>(800)</u> <u>Doug Means</u> <u>(2,400)</u> <u>Devin</u> <u>Benjamin</u> <u>(1,600)</u> <u>Moshe Luski</u> <u>(1,600)</u> <u>Sarah Ryder</u> <u>(2,000)</u>			
<u>6/6/2017</u>	<u>New</u> <u>issuance</u>	<u>9,800</u>	<u>Common</u>	<u>\$9.15</u>	<u>No</u>	<u>Scott Switzer</u>	<u>Stock Option</u>	<u>Unrestrict</u> <u>ed</u>	<u>Registrati</u> <u>on</u>
<u>8/29/2017</u>	<u>New</u> <u>issuance</u>	<u>8,000</u>	<u>Common</u>	<u>\$11.00</u>	<u>No</u>	<u>Greg</u> <u>Hradsky</u> <u>(2,000)</u> <u>Jared</u> <u>Landaw</u> <u>(2,000)</u> <u>Jeff Wald</u> <u>(2,000)</u> <u>Rory Cowan</u> <u>(2,000)</u>	<u>Stock Option</u>	<u>Unrestrict</u> <u>ed</u>	<u>Registrati</u> <u>on</u>
<u>2/7/2018</u>	<u>New</u> <u>issuance</u>	<u>2,000</u>	<u>Common</u>	<u>\$9.00</u>	<u>No</u>	<u>Greg</u> <u>Hradsky</u>	<u>Stock Option</u>	<u>Unrestrict</u> <u>ed</u>	<u>Regsitrati</u> <u>on</u>
<u>2/9/2018</u>	<u>New</u> <u>issuance</u>	<u>2,400</u>	<u>Common</u>	<u>\$9.00</u>	<u>No</u>	<u>James</u> <u>Pritchett</u>	<u>Stock Option</u>	<u>Unrestrict</u> <u>ed</u>	<u>Registrati</u> <u>on</u>
<u>3/5/2018</u>	<u>New</u> <u>issuance</u>	<u>2,000</u>	<u>Common</u>	<u>\$8.05</u>	<u>No</u>	<u>Jared</u> <u>Landaw</u>	<u>Stock Option</u>	<u>Unrestrict</u> <u>ed</u>	<u>Registrati</u> <u>no</u>
<u>3/23/2018</u>	<u>New</u> <u>issuance</u>	<u>21,000</u>	<u>Common</u>	<u>\$8.60</u>	<u>No</u>	<u>James</u> <u>Pritchett</u> <u>(7,000)</u>	<u>Stock</u> <u>Awards</u>	<u>Partially</u> <u>restricted</u>	<u>Registrati</u> <u>on</u>

						<u>Scott Switzer</u> <u>(4,000)</u> <u>Mathiew</u> <u>Bais (1,600)</u> <u>Mike Rose</u> <u>(800)</u> <u>Doug Means</u> <u>(2,400)</u> <u>Devin</u> <u>Benjamin</u> <u>(1,600)</u> <u>Moshe Luski</u> <u>(1,600)</u> <u>Sarah Ryder</u> <u>(2,000)</u>			
<u>12/31/2018</u>	<u>Forfeiture</u>	<u>(7,875)</u>	<u>Common</u>	\$10.25	<u>No</u>	<u>James</u> <u>Pritchett</u> <u>(2,625)</u> <u>Scott Switzer</u> <u>(1,500)</u> <u>Mathiew</u> <u>Bais (600)</u> <u>Mike Rose</u> <u>(300)</u> <u>Doug Means</u> <u>(900)</u> <u>Devin</u> <u>Benjamin</u> <u>(600)</u> <u>Moshe Luski</u> <u>(600)</u> <u>Sarah Ryder</u> <u>(750)</u>	<u>Stock</u> <u>Awards</u>	<u>Unrestrcit</u> <u>ed</u>	<u>Registrati</u> <u>on</u>
<u>1/4/2019</u>	<u>New</u> <u>issuance</u>	<u>8,000</u>	<u>Common</u>	\$8.00	<u>No</u>	<u>James</u> <u>Pritchett</u>	<u>Stock Option</u>	<u>Unrestrict</u> <u>ed</u>	<u>Registrati</u> <u>on</u>
<u>1/23/2019</u>	<u>New</u> <u>issuance</u>	<u>6,000</u>	<u>Common</u>	\$9.65	<u>No</u>	<u>Rory Cowan</u>	<u>Stock Option</u>	<u>Unrestrict</u> <u>ed</u>	<u>Registrati</u> <u>on</u>

<u>6/4/2019</u>	<u>New issuance</u>	<u>5,000</u>	<u>Common</u>	\$6.50	<u>No</u>	<u>Greg Hradsky</u>	<u>Stock Option</u>	<u>Unrestricted</u>	<u>Registration</u>
<u>6/20/2019</u>	<u>New issuance</u>	<u>23,000</u>	<u>Common</u>	\$8.25	<u>No</u>	<u>Scott Switzer (7,000)</u> <u>Mathiew Bais (2,000)</u> <u>Mike Rose (1,000)</u> <u>Doug Means (3,000)</u> <u>Devin Benjamin (2,000)</u> <u>Moshe Luski (2,000)</u> <u>Sarah Ryder (3,000)</u> <u>Shane Compton (3,000)</u>	<u>Stock Awards</u>	<u>Restricted</u>	<u>Registration</u>
<u>7/26/2019</u>	<u>New issuance</u>	<u>7,000</u>	<u>Common</u>	\$9.09	<u>No</u>	<u>James Prtichett</u>	<u>Stock Awards</u>	<u>Restricted</u>	<u>Registration</u>
Shares Outstanding on <u>6/30/2019</u>	<u>Ending Balance:</u> Common: <u>1,600,316</u> Preferred: <u>0</u>								

B. Debt Securities, Including Promissory and Convertible Notes

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by:

The financial statements for the quarter ended September 30, 2019 have been posted to otciq.com and are also located on the Costar Technologies, Inc. website at www.costartechnologies.com

qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Costar Technologies, Inc. ("Costar Technologies") was incorporated in the State of Delaware in February 1997 under the name "Fairmarket, Inc.". Costar Technologies, and its wholly owned subsidiaries, Costar Video Systems, LLC ("Costar") and its wholly owned subsidiaries Innotech Security, Inc. ("Innotech") and Arecont Vision Costar, LLC ("Arecont Vision"), LQ Corporation ("LQ") and CohuHD Costar, LLC ("CohuHD Costar") (collectively the "Company"), develops, designs and distributes a range of security solution products such as surveillance cameras, lenses, digital video recorders, high speed domes and industrial vision products. CohuHD Costar is a leading provider of video cameras and related products, specializing in IP video solutions for traffic monitoring, security, surveillance and military applications; and accessories, such as cables, camera mounts, lenses and data storage devices.

B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

See above

C. Describe the issuers' principal products or services, and their markets

See above

6) Issuer's Facilities

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Corporate Headquarters (includes Costar Video Systems, LLC)
101 Wrangler Drive, Suite 201
Coppell, TX 75019

CohuHD Costar, LLC
7330 Trade Street
San Diego, CA 92121

Innotech Security, Inc.
1500 W. Copans Rd, Suite A11
Pompano Beach, FL 33064

Arecont Vision Costar, LLC
400 N. Brand Boulevard, Suite 860
Glendale, CA 91203

1801 Highland Avenue, Suite K
Duarte, California 91010

642 Pollasky Avenue, Suite 230
Clovis, CA 93612

7) Officers, Directors, and Control Persons

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>James Pritchett</u>	<u>Officer (CEO)</u>	<u>Dallas, TX</u>	<u>86,073</u>	<u>Common</u>	<u>5.3%</u>	<u>Ownership includes 34,666 issuable upon the exercise of options</u>
<u>Scott Switzer</u>	<u>Officer (CFO & COO)</u>	<u>Coppell, TX</u>	<u>43,640</u>	<u>Common</u>	<u>2.7%</u>	<u>Ownership includes 5,000 shares issuable upon the exercise of options</u>
<u>James Mitarotonda, Barington Capital Group, L.P.</u>	<u>Owner of more than 5%</u>	<u>New York, NY</u>	<u>~230,000</u>	<u>Common</u>	<u>~15%</u>	<u>—</u>

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

N/A

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

N/A

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated;

N/A

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

N/A

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

N/A

9) Third Party Providers

Legal Counsel

Name: Matt Leivo
Firm: DLA Piper LLP
Address 1: 4365 Executive Drive, Suite 1100
Address 2: San Diego, California 92121
Phone: (858) 638-6862
Email: Matt.Leivo@dlapiper.com

Accountant or Auditor

Name: Brian Matlock
Firm: BKD LLP
Address 1: 14241 Dallas Parkway, Suite 100
Address 2: Dallas, TX 75254
Phone: (972) 702-7429
Email: Bmatlock@BKD.com

10) Issuer Certification

Principal Executive Officer:

I, James Pritchett certify that:

1. I have reviewed this Quarterly Disclosure Statement of Costar Technologies, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 14, 2019

/s/ James Pritchett

James Pritchett, CEO

Principal Financial Officer:

I, Scott Switzer certify that:

1. I have reviewed this Quarterly Disclosure Statement of Costar Technologies, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 14, 2019

/s/ Scott Switzer

Scott Switzer, CFO & COO