



Common Stock

Nasdaq: DRAD

Series A 10% Preferred Stock

Nasdaq: DRADP

DIGIRAD Corp.

*A Diversified Holding Company (HoldCo)
seeking growth both organically and through acquisitions*

Healthcare



Building & Construction



Real Estate & Investments



Investor Presentation - March 2020

Forward-looking Statements

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements in this presentation that are not statements of historical fact are hereby identified as “forward-looking statements” for the purpose of the safe harbor provided by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking Statements include, without limitation, statements regarding (i) the plans and objectives of management for future operations, including plans or objectives relating to acquisitions and related integration, development of commercially viable products, novel technologies, and modern applicable services, (ii) projections of income (including income/loss), EBITDA, earnings (including earnings/loss) per share, free cash flow (FCF), capital expenditures, cost reductions, capital structure or other financial items, (iii) the future financial performance of Digirad Corporation (“Digirad,” “DRAD” or the “Company”) or acquisition targets and (iv) the assumptions underlying or relating to any statement described above. Moreover, forward-looking statements necessarily involve assumptions on the Company’s part. These forward-looking statements generally are identified by the words “believe”, “expect”, “anticipate”, “estimate”, “project”, “intend”, “plan”, “should”, “may”, “will”, “would”, “will be”, “will continue” or similar expressions. Such forward-looking statements are not meant to predict or guarantee actual results, performance, events or circumstances and may not be realized because they are based upon the Company’s current projections, plans, objectives, beliefs, expectations, estimates and assumptions and are subject to a number of risks and uncertainties and other influences, many of which the Company has no control over. Actual results and the timing of certain events and circumstances may differ materially from those described above as a result of these risks and uncertainties. Factors that may influence or contribute to the inaccuracy of forward-looking statements or cause actual results to differ materially from expected or desired results may include, without limitation, the substantial amount of debt of the Company and the Company’s ability to repay or refinance it or incur additional debt in the future; the Company’s need for a significant amount of cash to service and repay the debt and to pay dividends on the Company Preferred Stock; the restrictions contained in the debt agreements that limit the discretion of management in operating the business; the length of time associated with servicing customers; losses of significant contracts; disruptions in the relationship with third party vendors; accounts receivable turnover; insufficient cash flows and resulting illiquidity; the Company’s inability to expand the Company’s business; unfavorable changes in the extensive governmental legislation and regulations governing healthcare providers and the provision of healthcare services and the competitive impact of such changes (including unfavorable changes to reimbursement policies); high costs of regulatory compliance; the liability and compliance costs regarding environmental regulations; the underlying condition of the technology support industry; the lack of product diversification; development and introduction of new technologies and intense competition in the healthcare industry; existing or increased competition; risks to the price and volatility of the Company’s Common Stock and Preferred Stock; stock volatility and illiquidity; risks to preferred stockholders of not receiving dividends and risks to the Company’s ability to pursue growth opportunities if the Company continues to pay dividends according to the terms of the Company Preferred Stock; the Company’s ability to execute on its business strategy (including any cost reduction plans); the Company’s failure to realize expected benefits of restructuring and cost-cutting actions; the Company’s ability to preserve and monetize its net operating losses; risks associated with the Company’s possible pursuit of acquisitions; the Company’s ability to consummate successful acquisitions and execute related integration, including to successfully integrate ATRM’s operations and realize the synergies from the acquisition, as well as factors related to the Company’s business (including ATRM) including economic and financial market conditions generally and economic conditions in the Company’s markets; failure to keep pace with evolving technologies and difficulties integrating technologies; system failures; losses of key management personnel and the inability to attract and retain highly qualified management and personnel in the future; and the continued demand for and market acceptance of the Company’s services. For a detailed discussion of cautionary statements and risks that may affect the Company’s future results of operations and financial results, please refer to the Company’s filings with the Securities and Exchange Commission, including, but not limited to, the risk factors in the Company’s most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. This presentation reflects management’s views as of the date presented. All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations, and, therefore, you are cautioned not to place undue reliance on such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

Non-GAAP Financial Measures: The information provided herein includes certain non-GAAP financial measures. These non-GAAP financial measures are intended to supplement the GAAP financial information by providing additional insight regarding results of operations of the Company. The non-GAAP adjusted EBITDA financial measures used by the Company are intended to provide an enhanced understanding of our underlying operational measures to manage the Company’s business, to evaluate performance compared to prior periods and the marketplace, and to establish operational goals. Certain items are excluded from these non-GAAP financial measures to provide additional comparability measures from period to period. These non-GAAP financial measures will not be defined in the same manner by all companies and may not be comparable to other companies. Specifically, this presentation presents the non-GAAP financial measures “Adjusted EBITDA” (defined as “earnings before interest, taxes, depreciation, amortization adjusted for stock-based compensation and other one-time transaction costs such as merger and acquisitions, financing and etc. ”) and “Free Cash Flow” (defined as “net cash from operating activities excludes expenditures on purchases of property and equipment, net of dispositions”). The most directly comparable measures for these non-GAAP financial measures are net income and diluted net income per share. All future figures based on guidance after conversion into a diversified holding company (“HoldCo”).

About Digirad Corporation/HoldCo

- Transformed into a diversified holding company (“HoldCo”) through the acquisition of ATRM Holdings as initial “kick-off” transaction
- Merger closed on 9/10/2019
- Issued a tax-efficient Series A 10% Preferred stock (non convertible)
- HoldCo structure: separate business divisions with shared corporate functions

Common Stock: (Nasdaq: DRAD)

2.05 million shares as of 12/31/19

Series A Preferred Stock (Nasdaq: DRADP)

1.92 million shares as of 12/31/19

10% annual cash dividend

Digirad Corporation has three operating business divisions:

Healthcare

Across the USA

Diagnostic Services

Offers mobile imaging services to medical providers in - office

Diagnostic Imaging

Develops, sells, and maintains solid-state gamma cameras for hospitals and physicians

Mobile Healthcare

Provides mobile diagnostic imaging including CT, MRI, PET, PET/CT, and nuclear medicine and healthcare expertise

Building & Construction

Maine/New England

Minneapolis-area

KBS Builders

Manufactures and distributes modular housing units

Commercial and residential projects

EGBL

Manufactures engineered wood products and building materials for both residential and commercial contractors; operates a professional lumber yard and showroom

Real Estate & Investments

Real Estate

Manages real estate assets of HoldCo

Future acquisition targets could have underappreciated real estate assets

Investments

Strategic investments could be made in potential acquisition targets for HoldCo

Investment Highlights

Benefits of HoldCo Structure

- **Improved revenue, cash flow, and earnings** due to cost savings and other efficiencies
- Optimized capital allocation will **maximize ROIC and ROE** over the long term
- **Operating CEOs focused on operations and growth** rather than on corporate functions
- **Platform for future bolt-on acquisitions** and other growth opportunities
- **Preferred stock could be used as acquisition currency** - junior to bank debt

FY 2019 Highlights (vs. FY 2018)

\$114.2M

Revenue
+9.6%

\$22.1M

Gross Profit
+21%

\$7.7M

Adjusted EBITDA⁽¹⁾
+29%

\$91.6M

NOL
@ 12/31/2019

FY 2020 Guidance

\$125M-\$145M

Revenue

\$7M-\$9M

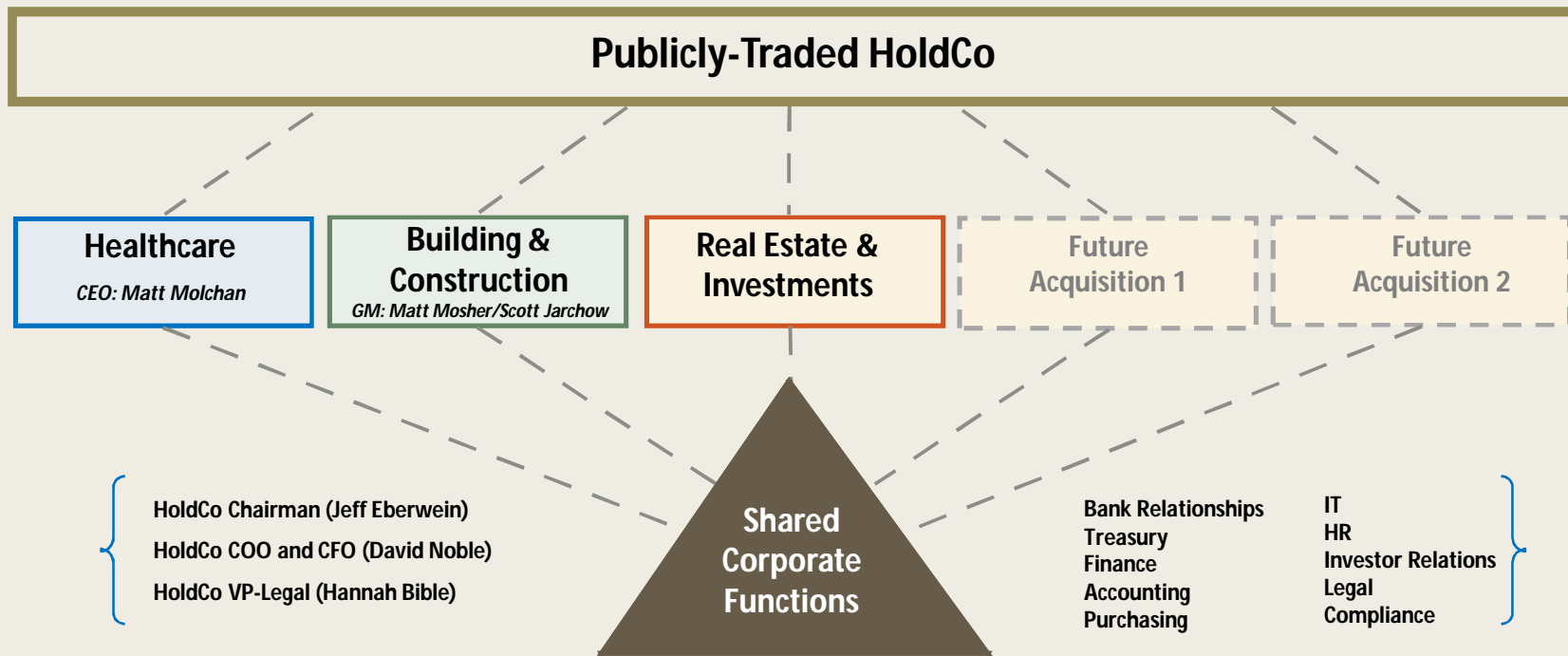
Adjusted EBITDA⁽¹⁾

\$4M-\$5M

Free Cash Flow ⁽¹⁾

⁽¹⁾ This presents non-GAAP financial measures. A discussion of the reasons why management believes that the presentation of non-GAAP financial measures provides useful information to investors regarding Digirad's financial condition and results of operations is included as Exhibit 99.2 (with a reconciliation included in Exhibit 99.1) to Digirad's report on Form 8-K filed with the Securities and Exchange Commission on March 6, 2020.

HoldCo Structure





Operating Business Divisions

1

Healthcare

2

Building & Construction

3

Real Estate & Investments

1

Healthcare

Across the USA

Diagnostic Services

Offers mobile imaging services to medical providers in-office

Diagnostic Imaging

Develops, sells, and maintains solid-state gamma cameras for hospitals and physicians

Mobile Healthcare

Provides mobile diagnostic imaging including CT, MRI, PET, PET/CT, and nuclear medicine and healthcare expertise

Making Healthcare Convenient. **As Needed. When Needed. Where Needed.**

Digirad Health: Diagnostic Services

Offers mobile imaging services to medical providers on-site as an alternative to purchasing the equipment themselves or outsourcing the procedures to other providers



SOLUTIONS / EQUIPMENT

Provides turn-key, diagnostic solutions to hospitals and healthcare systems and a variety of solid-state imaging cameras (fixed site and mobile systems)



STAFF

Offers highly-skilled, trained, and certified nuclear medicine technologists and cardiac stress technicians



MAINTENANCE

Services all major brands of nuclear gamma cameras



LICENSING

Extensive portfolio of existing licenses and certifications



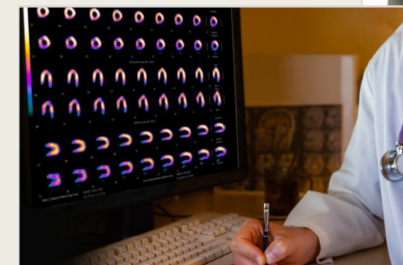
SUPPLIES

Wide range of nuclear imaging supplies and radiopharmaceuticals



ACCREDITATION

Assists clients with accreditation process



Website: <https://www.digirad.com/diagnostic-services/>

Digirad Health: Diagnostic Imaging

Manufactures, sells, and services a wide range of solid-state cameras that offer unmatched imaging and flexibility



SUPERIOR

- Image quality
- Greater flexibility
- Smaller footprint
- Fast imaging acquisition times



FLEXIBLE SOLUTION

Customers: Physicians and Hospitals

Location: their offices, satellite clinics, healthcare facilities and hospitals

Convenient: As needed, where needed, when needed



NATION-WIDE FIELD SERVICE

Engineers provide flexible support for Digirad and non-Digirad models

- Remote Support
- Onsite Service
- Applications Support
- Preventative Maintenance
- Parts Support



Ergo™



Cardius® X-ACT+



Cardius® 2 XPO



Cardius® 3 XPO

Website: <https://www.digirad.com/cameras/>

Digirad Health: Mobile Healthcare

Provides provisional healthcare and contract diagnostic imaging through a convenient, mobile-service platform



LARGE FLEET

- Bone Densitometry
- Cath Lab
- CT Scanners
- Mammography Units
- MRI Units
- Nuclear Medicine Units
- PET/CT Units
- Ultrasound Units



WIDE COVERAGE

Across the entire United States



LOW COST / EASY ACCESS

- Efficient alternatives to owning and operating the equipment
- Fully equipped, furnished and ready for patients



EXPERTISE

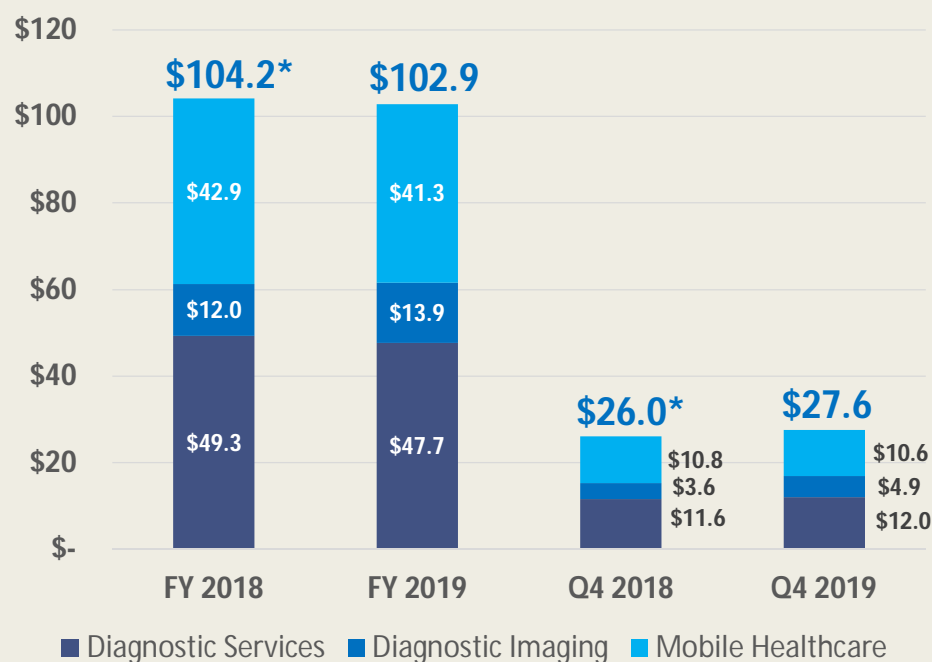
Healthcare expertise to hospitals, integrated delivery networks ("IDNs"), and federal institutions



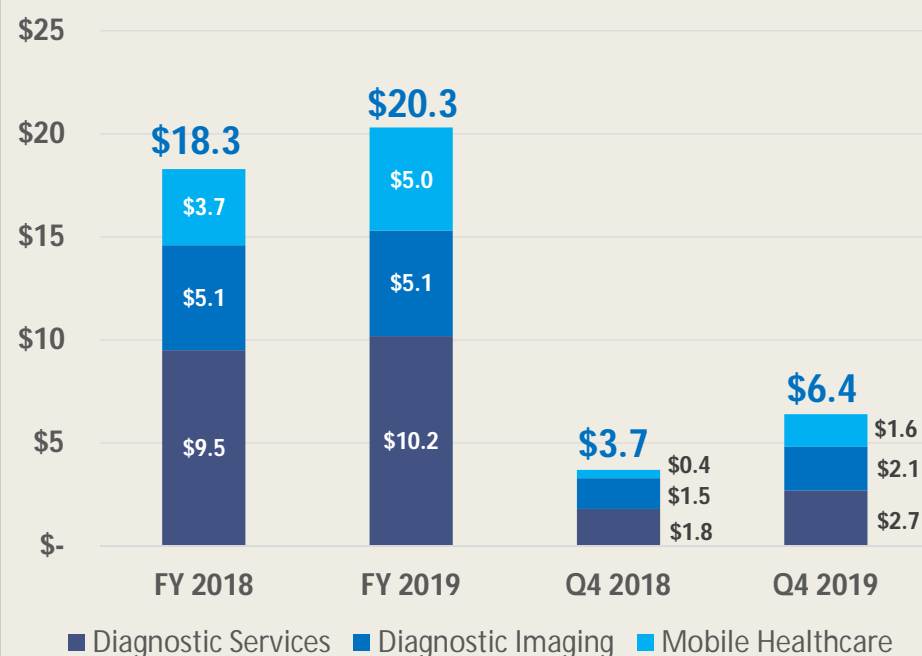
Website: <https://www.dmshealth.com/>

Digirad Health: Financial Highlights

Revenue by Healthcare Division
(\$ in million)



Gross Profit by Healthcare Division
(\$ in million)



* Includes \$0.3M and \$3.4M, respectively, of revenue from the Telerhythmics business in Q4 2018 and FY 2018 periods.

Building and Construction

2

Building & Construction

Maine/New England

KBS Builders

- Manufactures and distributes modular housing units
- Commercial and residential projects

Minneapolis-area

EGBL

- Manufactures engineered wood products and building materials for both residential and commercial contractors
- Operates a professional lumber yard and showroom

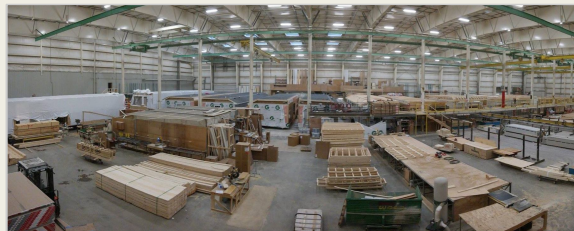
Building and Construction: KBS Builders

Maine-based designer, manufacturer, and distributor of modular housing units



MODULAR UNITS

- Residential homes / town houses
- Apartment buildings and condos
- Multi-story commercial/office buildings
- Other commercial applications, hospitals, schools, etc.



BENEFITS OF MODULAR UNITS:

- Shorter construction period
- Significantly lower labor costs
- Design flexibility
- High quality control



3 LEASED FACILITIES

South Paris, Maine: approx. 90,000 sq. ft.

Oxford, Maine: approx. 90,000 sq. ft.) previously leased to a competitor of KBS; currently idle

Waterford, Maine: approx. 60,000 sq. ft.; currently sub-leased to 3rd party



GEOGRAPHIC FOOTPRINT

Network of local distributors and homebuilders across New England



Website: <https://www.kbsbuildersinc.com/>

Building and Construction: EGBL

EGBL consists of two business divisions:

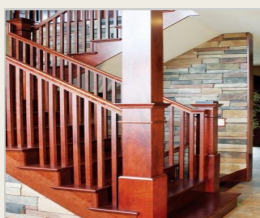
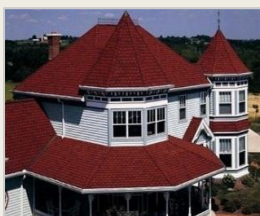
EDGEBUILDER:

- Operates a **34,000 sq. ft.** leased wall panel manufacturing plant in **Prescott, WI** and services the **Midwest Area**
- Clients: **commercial** contractors



PRODUCTS

Wall panels, permanent wood foundations, and engineered wood products



SERVICES

Sustainable green building practices, quality structural components, advanced design solutions



BENEFITS

Reduced building time, overhead & labor costs, defects, site thefts, and delays

Customization and environmentally conscious materials

Website: <https://edgebuilderwallpanels.com/>

GLENBROOK:

- Operates a **30,000 sq. ft.** leased professional lumber yard and showroom in **Oakdale, MN**, and services the upper Midwest states of **WI, IO, MN, ND, and SD**
- Clients: **commercial and residential** contractors



PRODUCTS

Raw lumber, drywall, doors, windows, kitchen and bathroom cabinets, and utility sheds



SERVICES

Roofing, millwork, and customized design



SYNERGIES

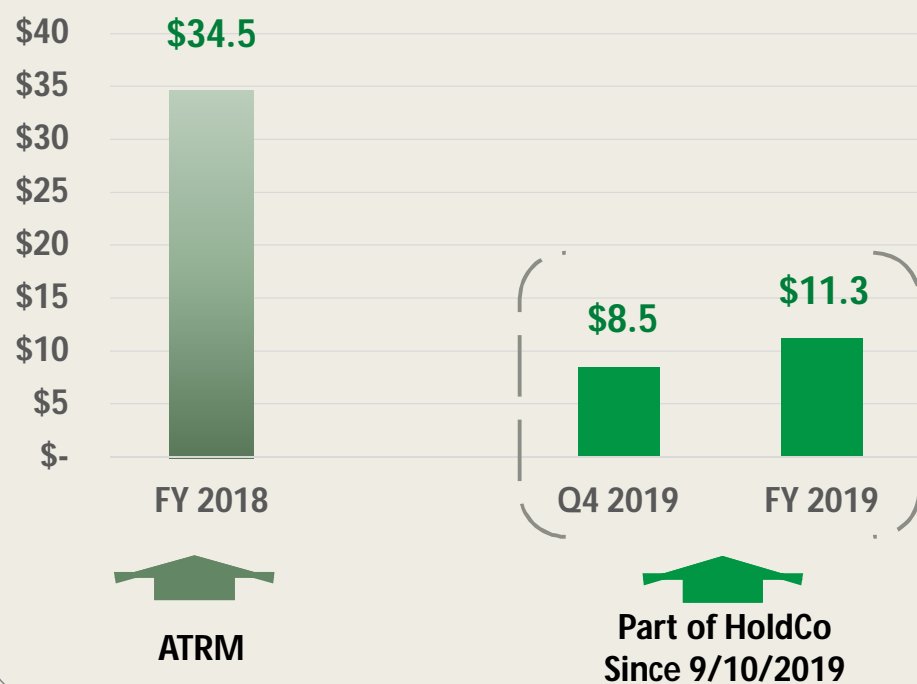
Using excess capacity at KBS for wall panel manufacturing needs based on EdgeBuilder's expertise and experience

Website: <https://glenbrooklumber.com/>

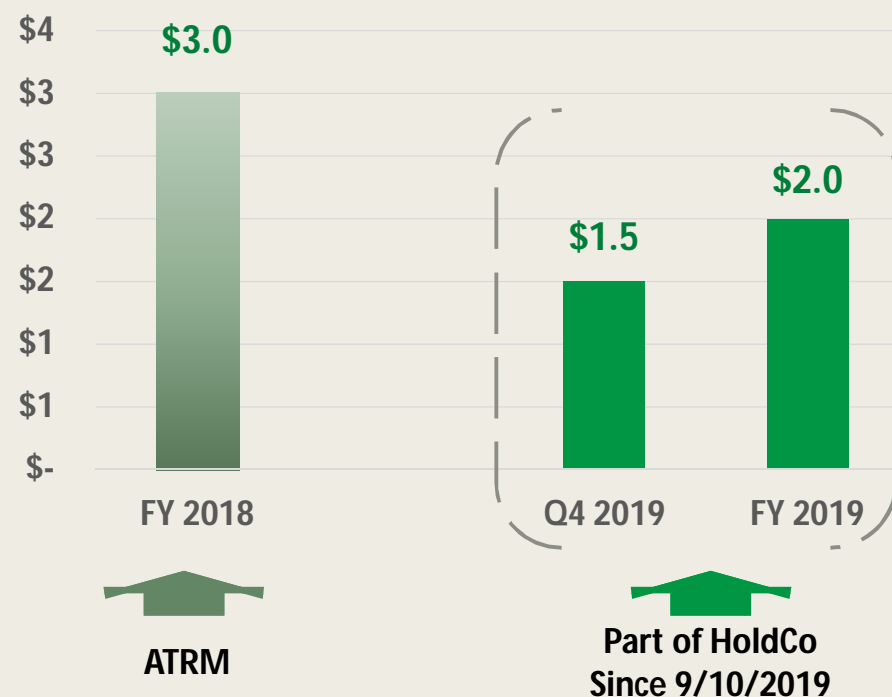


Building and Construction: Financial Highlights

Revenue
(\$ in million)



Gross Profit
(\$ in million)



Real Estate & Investments

3

Real Estate & Investments

Real Estate

- Owns the real estate assets of HoldCo
- Future acquisition targets could have underappreciated real estate assets

Investments

- Strategic investments could be made in potential acquisition targets for HoldCo

Real Estate & Investments

Formed in April 2019 with two segments:

Real Estate:

Star Real Estate Holdings USA, Inc. ("SRE")

- Acquired and manages three manufacturing plants in Maine; two plants were purchased from KBS and a third from a private company
- All involved in the construction of modular buildings for residential, multi-family, and commercial projects

Investment Management:

Lone Star Value Management, LLC (LSVM)

- LSVM is the investment advisor for all LSV funds and Ascent Oil Fund
- New funds could be added in the future to increase revenue and cash flow for HoldCo



SIGNIFICANT STRATEGIC VALUE & UPSIDE POTENTIAL

- Three plants are within 15 miles of each other with **no other capable plants within several hundred miles**
- Currently one plant is idle, one is sublet to a local steel manufacturer, and one is operating at a reduced rate; plenty of **available capacity to handle increased demand**



STRATEGY

- Future **acquisition targets could have underappreciated** real estate assets that could be placed into SRE
- SRE has raised its own debt and is self-funded

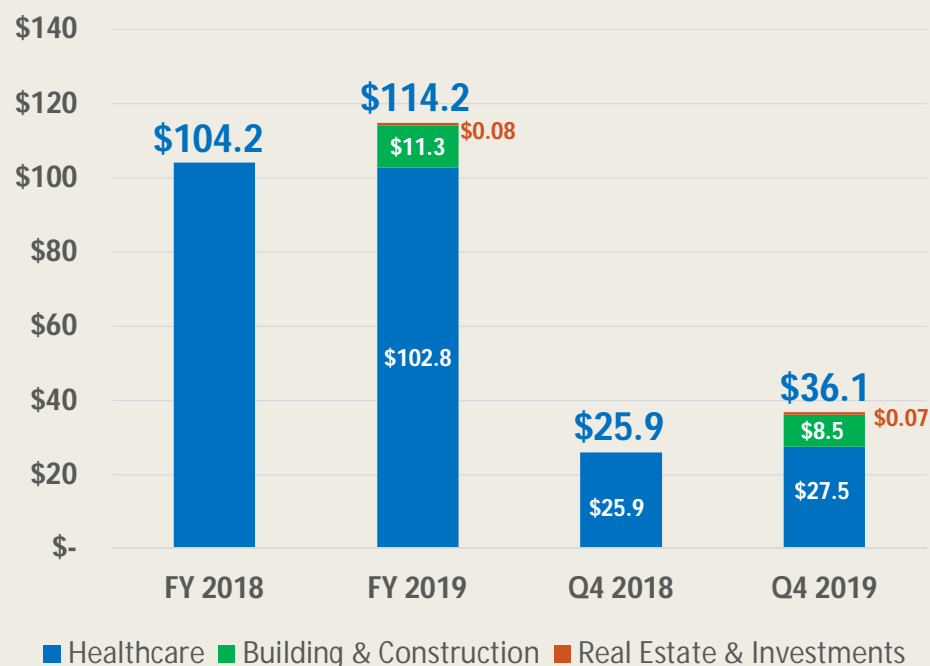


2019 FINANCIAL HIGHLIGHTS

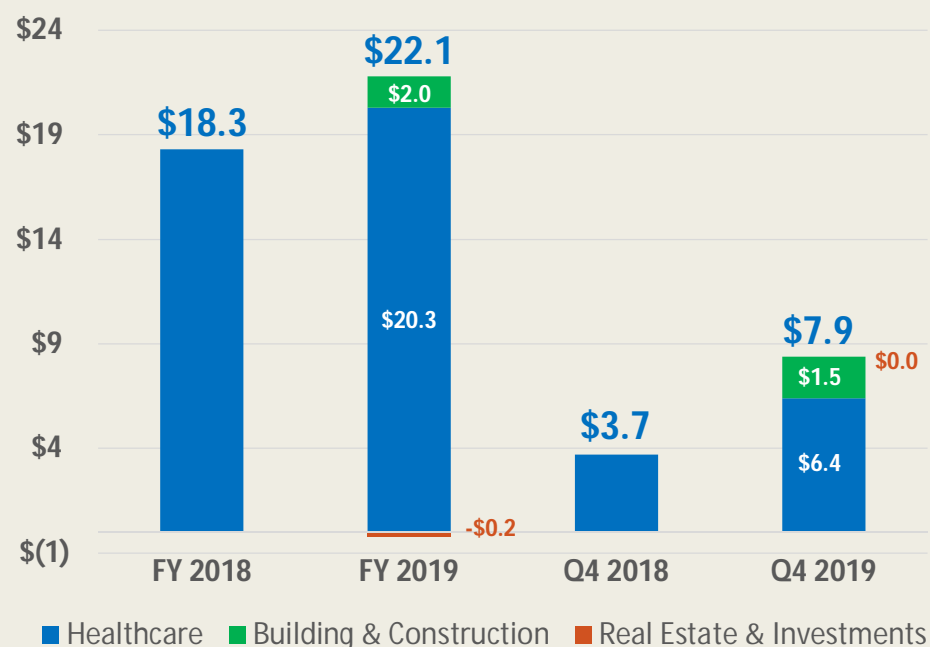
2020 GUIDANCE
&
GROWTH INITIATIVES

HoldCo: 2019 Financial Highlights

Revenue by Business Division
(\$ in million)



Gross Profit by Business Division
(\$ in million)



Notes: Revenues for Q4 2018 and FY 2018 periods include \$0.3 M and \$3.4 M, respectively, from the Telerhythmics business sold in October 2018. Building & Construction division was created on 9/10/19.

HoldCo: 2020 Guidance

Revenues: **\$125 million - \$145 million**

Adjusted EBITDA*: **\$7 million - \$9 million⁽¹⁾**

Goal is to grow Adjusted EBITDA organically by cutting costs and through internal growth initiatives such as re-starting an idle plant at ATRM's KBS division

Free Cash Flow*: **\$4 million - \$5 million⁽²⁾**

(1) Assumes no restart of KBS's idle plant in Oxford, Maine in 2020.

(2) Assumes no changes in working capital, no asset sales, and approximately \$1 million of annual interest expense.

* This presents non-GAAP financial measures. A discussion of the reasons why management believes that the presentation of non-GAAP financial measures provides useful information to investors regarding Digirad's financial condition and results of operations is included as Exhibit 99.2 **(with a reconciliation included in Exhibit 99.1)** to Digirad's report on Form 8-K filed with the Securities and Exchange Commission on March 6, 2020.

Growth Strategy

Organic Growth

Healthcare

- Expand geographic and client footprint for higher margin segments such as camera sales and mobile scanning services

Building & Construction

- In discussions for several new commercial construction projects to be built in 2020 in the New England area - this could lead to:
 - Increased utilization rate at the factory in South Paris, Maine
 - Opening of an idle facility in Oxford, Maine

Real Estate & Investment

- Completed a financing via commercial mortgages for its three plants: proceeds used to fund working capital requirements for Building & Construction division

Acquisitions

Seeking attractive acquisition opportunities to:

- **Expand existing business divisions** through bolt-on acquisitions
- Create **new business divisions** for HoldCo

HoldCo: Future Acquisitions Strategy

TARGETS: PUBLIC OR PRIVATE COMPANIES

- **Market cap of \$5-50M** that can benefit from lower overhead costs as part of HoldCo structure
- **Existing assets, earnings, and cash flows** (no start-ups or venture capital-type situations)
- **High SG&A and public company costs** as a percentage of revenue
- **Opportunities for improved operating / financial performance**
- **Bolt-on** for existing platform or **create new** operating segments
- Operating in **growth markets**
- Sellers interested in **taking HoldCo common or preferred stock** instead of cash

ACQUISITION SYNERGIES:

- Operating management teams freed up to **focus on maximizing operations and pursuing growth opportunities**
- Sharing many corporate functions **reduces corporate overhead costs**
- **NOL at HoldCo level should offset US taxable income** generated by operating businesses
- **Lower cost of capital**
- **Better access to capital**
- **Better capital allocation**

HoldCo: Organization Chart

- Capital Allocation
- Oversight of Operating CEOs
- Oversight of HoldCo Mgmt
- M&A and Capital Markets
- Investor Relations



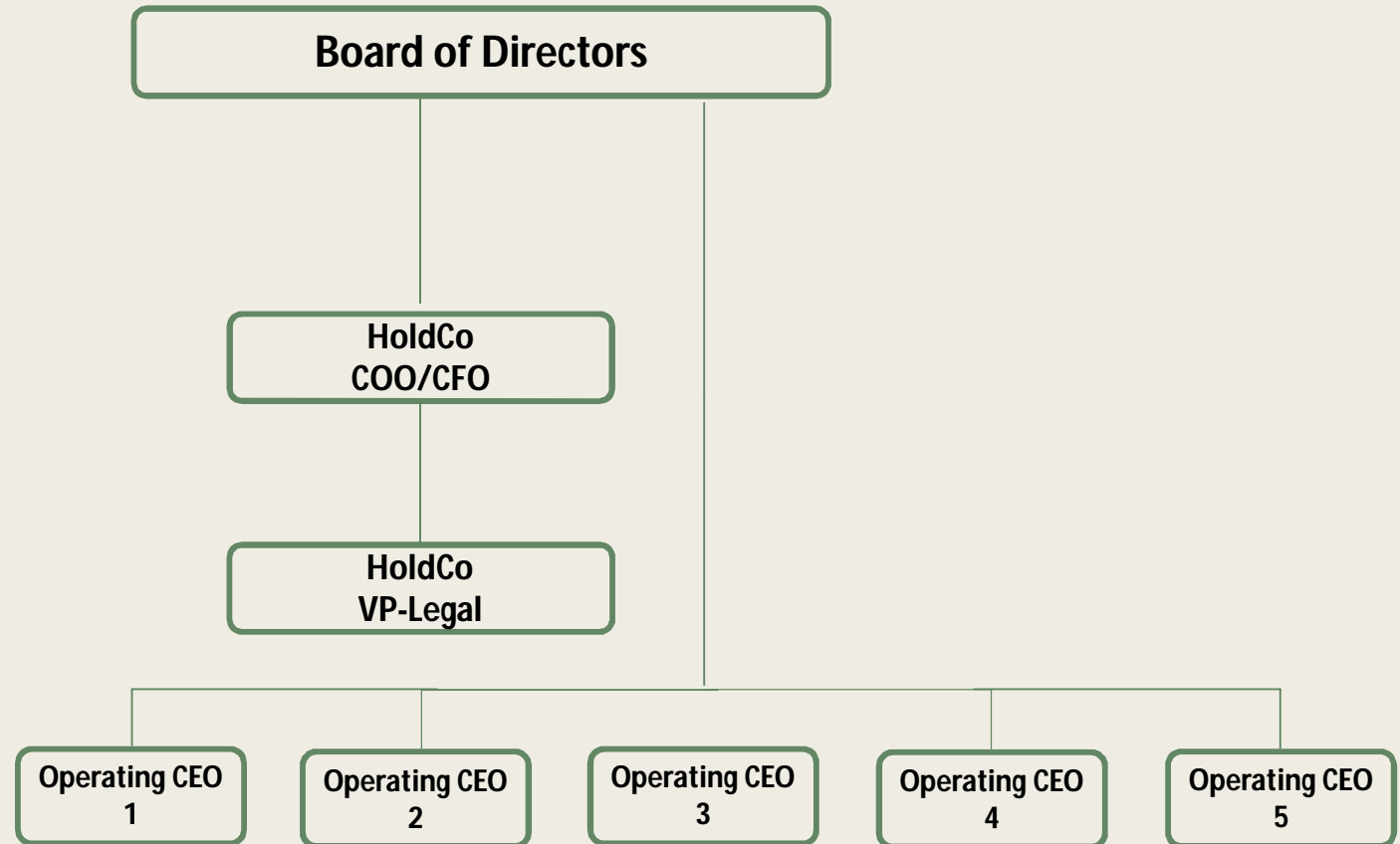
- Assist Operating CEOs/Share Best Practices
- M&A (Sourcing & DD)/Capital Markets
- Bank Relationships, Finance, Accounting, Treasury, Capital Markets



- Legal, Compliance, IT, HR



- Manage Operating Businesses
- Pursue Growth Opportunities



Management team



JEFFREY EBERWEIN

**CHAIRMAN
OF THE BOARD OF DIRECTORS**

- 25 years of Wall Street experience; Founder and CEO of Lone Star Value Management.
- Portfolio Manager at Soros Fund Management.
- Chairman of Hudson Global, Inc., a global recruitment company; Board member of Novation Companies, Inc., Crossroads Systems, Inc.,
- Holds an MBA from The Wharton School, and a BBA from The University of Texas.



DAVID NOBLE

**CHIEF OPERATING OFFICER &
CHIEF FINANCIAL OFFICER**

- Over 20 years of experience in investment banking; recently was Head of Equity Capital Markets for the Americas at HSBC.
- Served as Managing Member of Noble Point LLC, a business and financial advisory firm.
- Holds an MBA in Finance from MIT and a BA from Yale.



MATTHEW MOLCHAN

**CEO:
HEALTHCARE**

- Joined Digirad in 2007 via the acquisition of Ultrascan, Inc.
- Previously held various executive positions in business development, finance and operations at Somera, Inc. and Equifax, Inc.
- Holds a BS in Economics from the US Air Force Academy and MBA in Finance from the University of Southern California.



MATT MOSHER

**GENERAL MANAGER:
KBS BUILDERS, INC**

- 14 years of senior management experience in a construction related field.
- Holds Associate of Drafting Technology Degree from Northern Maine Community College



SCOTT JARCHOW

**GENERAL MANAGER:
EDGEBUILDER**

- 26 years in construction supply with positions in independent sales, sales management, and general management
- GM of Glenbrook Building Supply and EdgeBuilder prior to 2016 ATRM acquisition to present
- BA in Business Management from Bethel University and AA in Law Enforcement from Lakewood Community College

APPENDIX

Historical Financial Data – Statements of Operations (In thousands)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|---------------------------------|------------|----------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | |
| Healthcare | \$ 27,540 | \$ 25,928 | \$102,846 | \$ 104,180 |
| Building and Construction | 8,528 | — | 11,257 | — |
| Real Estate and Investments | 74 | — | 82 | — |
| Total revenues | 36,142 | 25,928 | 114,185 | 104,180 |
| Cost of revenues: | | | | |
| Healthcare | 21,151 | 22,189 | 82,518 | 85,909 |
| Building and Construction | 6,992 | — | 9,244 | — |
| Real Estate and Investments | 65 | — | 308 | — |
| Total cost of revenues | 28,208 | 22,189 | 92,070 | 85,909 |
| Gross profit | 7,934 | 3,739 | 22,115 | 18,271 |
| Total gross profit percentage | 22.0 % | 14.4 % | 19.4 % | 17.5 % |
| Healthcare | 23.2 % | 14.4 % | 19.8 % | 17.5 % |
| Building and Construction | 18.0 % | — % | 17.9 % | — % |
| Real Estate and Investments | 12.2 % | — % | (275.6)% | — % |
| Operating expenses: | | | | |
| Selling, general and administrative | 6,927 | 4,829 | 21,575 | 20,456 |
| Amortization of intangible assets | 829 | 308 | 1,794 | 1,377 |
| Merger and financing costs | 284 | — | 2,342 | — |
| Goodwill impairment | — | — | — | 476 |
| (Gain) loss on sale of building | (4) | — | 232 | 507 |
| Total operating expenses | 8,036 | 5,137 | 25,943 | 22,816 |
| Loss from operations | (102) | (1,398) | (3,828) | (4,545) |
| Other expense: | | | | |
| Other income (expense), net | 67 | 51 | (133) | (61) |
| Interest expense, net | (429) | (188) | (1,156) | (751) |
| Gain (loss) on extinguishment of debt | — | — | (151) | (43) |
| Total other expense | (362) | (137) | (1,440) | (855) |
| Loss before income taxes | (464) | (1,535) | (5,268) | (5,400) |
| Income tax benefit | 207 | 621 | 375 | 1,561 |
| Net loss from continuing operations | (257) | (914) | (4,893) | (3,839) |
| Net (loss) income from discontinued operations | — | (680) | 266 | 4,575 |
| Net (loss) income | (257) | (1,594) | (4,627) | 736 |
| Deemed dividend on Series A redeemable preferred stock | (596) | — | (596) | — |
| Net (loss) income attributable to common shareholders | \$ (853) | \$ (1,594) | \$ (5,223) | \$ 736 |
| Net (loss) income per share - basic and diluted | | | | |
| Net loss per share, continuing operations attributable to common shareholders | \$ (0.42) | \$ (0.45) | \$ (2.69) | \$ (1.90) |
| Net (loss) income per share, discontinued operations attributable to common shareholders | — | (0.34) | 0.13 | 2.27 |
| Net (loss) income per share attributable to common shareholders - basic and diluted | \$ (0.42) | \$ (0.79) | \$ (2.56) | \$ 0.37 |
| Dividends declared per common share | \$ — | \$ — | \$ — | \$ 1.65 |
| Weighted-average shares outstanding – basic and diluted | 2,050 | 2,024 | 2,041 | 2,016 |
| Net (loss) income | \$ (257) | \$ (1,594) | \$ (4,627) | \$ 736 |
| Other comprehensive income (loss): | | | | |
| Reclassification of tax provision impact | — | — | 22 | — |
| Reclassification of unrealized gains on equity securities to retained earnings | — | — | — | (17) |
| Total other comprehensive income (loss) | — | — | 22 | (17) |
| Comprehensive (loss) income | \$ (257) | \$ (1,594) | \$ (4,605) | \$ 719 |

Historical Financial Data – Balance Sheets (In thousands)

| | December 31, 2019 | December 31, 2018 |
|--|----------------------|----------------------|
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,821 | \$ 1,545 |
| Restricted cash | 240 | 167 |
| Equity securities | 26 | 153 |
| Accounts receivable, net | 18,571 | 12,642 |
| Inventories, net | 7,097 | 5,402 |
| Other current assets | 1,794 | 1,285 |
| Total current assets | 29,549 | 21,194 |
| Property and equipment, net | 22,138 | 21,645 |
| Operating lease right-of-use assets | 4,827 | — |
| Intangible assets, net | 22,903 | 5,228 |
| Goodwill | 9,978 | 1,745 |
| Restricted cash | — | 101 |
| Investments in and receivables from related parties | — | 275 |
| Other assets | 1,165 | 406 |
| Total assets | \$ 90,560 | \$ 50,594 |
| Liabilities, Mezzanine Equity and Stockholders' Equity: | | |
| Current liabilities: | | |
| Accounts payable | \$ 8,932 | \$ 5,206 |
| Accrued compensation | 4,579 | 3,862 |
| Accrued warranty | 421 | 197 |
| Deferred revenue | 1,786 | 1,687 |
| Short-term debt | 4,036 | — |
| Payable from related parties | 1,920 | — |
| Operating lease liabilities | 1,866 | — |
| Other current liabilities | 4,638 | 2,265 |
| Total current liabilities | 28,178 | 13,217 |
| Long-term debt, net of current portion | 17,038 | 9,500 |
| Deferred tax liabilities | 23 | 121 |
| Operating lease liabilities, net of current portion | 3,073 | — |
| Other liabilities | 1,551 | 1,956 |
| Total liabilities | 49,863 | 24,794 |
| Preferred stock, \$0.0001 par value: 10,000,000 shares authorized: 10% Series A Cumulative Perpetual Preferred Stock, 8,000,000 shares liquidation preference (\$10.00 per share), 1,915,637 shares issued or outstanding at December 31, 2019 | 19,602 | — |
| Stockholders' equity: | | |
| Common stock, \$0.0001 par value: 30,000,000 shares authorized; 2,050,659 and 2,024,979 shares issued and outstanding (net of treasury shares) at December 31, 2019 and 2018, respectively | — | — |
| Treasury stock, at cost; 258,849 shares at December 31, 2019 and December 31, 2018 | (5,728) | (5,728) |
| Additional paid-in capital | 145,352 | 145,430 |
| Accumulated other comprehensive loss | — | (22) |
| Accumulated deficit | (118,529) | (113,880) |
| Total stockholders' equity | 21,095 | 25,800 |
| Total liabilities, mezzanine equity and stockholders' equity | \$ 90,560 | \$ 50,594 |

Other Publicly-Traded Holding Companies

| <i>Small Cap:</i> | Ticker | Market Capitalization ⁽¹⁾ | Business Highlights |
|---|--------|--------------------------------------|--|
| ALJ Regional Holdings Inc. | ALJJ | 42 | <ul style="list-style-type: none"> • Business process outsourcing services • Printing services • Finished home products manufacturing |
| Elah Holdings | ELLH | 43 | <ul style="list-style-type: none"> • Recently reorganized holding company • Co-Sponsored by funds managed by 210 Capital and Goldman Sachs Asset Management |
| Crawford United Corp | CRAWA | 49 | <ul style="list-style-type: none"> • Aerospace manufacturing • Marketing technology • Metal, silicone, and hydraulic hoses • Air handling and energy efficient solutions |
| Great Elm Capital Group Inc. | GEC | 76 | <ul style="list-style-type: none"> • Durable Medical Equipment • Real Estate • Investment Management |
| SWK Holdings Corp | SWKH | 181 | <ul style="list-style-type: none"> • Financial services for life science companies, including royalty-related financing |
| HC2 Holdings Inc. | HCHC | 185 | <ul style="list-style-type: none"> • Structural and steel construction services • Engineering and underwater services • Compressed natural gas retail services |
| Steel Partners Holdings LP ^{(2),(3)} | SPLP | 263 | <ul style="list-style-type: none"> • Diversified industrial manufacturing • Oil drilling and production services • Financial services |
| BBX Capital Corp | BBX | 314 | <ul style="list-style-type: none"> • Vacation ownership interests • Real Estate • Chocolate and confectionary products |
| Boston Omaha Corp ⁽³⁾ | BOMN | 446 | <ul style="list-style-type: none"> • Insurance services • Outdoor advertising services |
| B. Riley Financial Inc. | RILY | 630 | <ul style="list-style-type: none"> • Financial Services • Internet access and related subscription services • Telecom and VOIP services |
| Compass Diversified Holdings | CODI | 1,125 | <ul style="list-style-type: none"> • Consumer goods manufacturing • Environmental services |

(1) Based on Bloomberg data as of 03/04/20 - \$ in millions.

(2) SPLP is a publicly-traded partnership as opposed to a C-corp structure.

(3) Incentive fees paid to management teams.

Contact us



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Common Stock

Nasdaq: DRAD

Series A 10% Preferred Stock

Nasdaq: DRADP

DIGIRAD Corp.

*A Diversified Holding Company (HoldCo)
seeking growth both organically and through acquisitions*

Healthcare



Building & Construction



Real Estate & Investments



Investor Presentation - March 2020






Anticipates growing revenues, earnings, and cash flow while optimizing costs and capital allocation

Common Stock: (Nasdaq: DRAD)
2.05 million shares as of 12/31/19

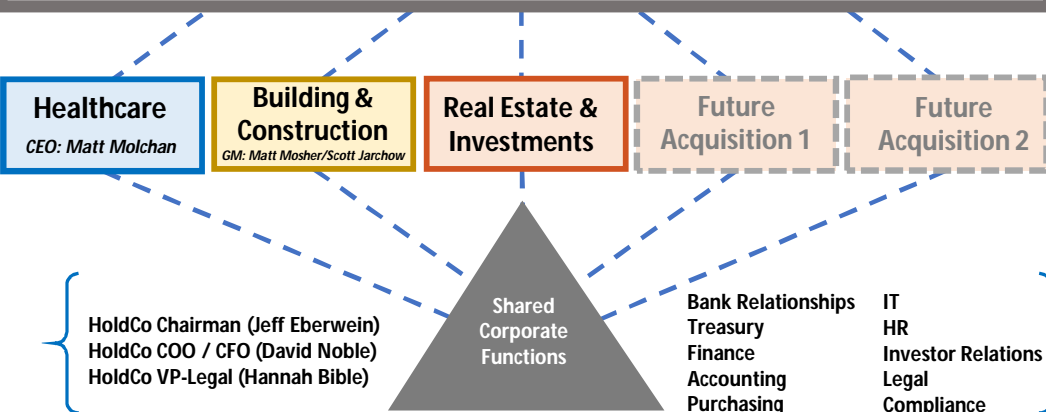
Series A Preferred Stock (Nasdaq: DRADP)
1.92 million shares as of 12/31/19
10% annual cash dividend

- Transformed into a diversified holding company (“HoldCo”) through the acquisition of ATRM Holdings as initial “kick-off” transaction on 9/10/2019
- Issued a tax-efficient Series A 10% Preferred stock (non convertible)
- HoldCo structure: separate business divisions with shared corporate functions

Digirad Corporation has three operating business divisions:

| Healthcare | | | Building & Construction | | Real Estate & Investments | |
|--|--|---|---|--|--|--|
| Across the USA | | | Maine/New England | Minneapolis-area | | |
| Diagnostic Services | Diagnostic Imaging | Mobile Healthcare | KBS Builders | EGBL | Real Estate | Investments |
| Offers mobile imaging services to medical providers in-office | Develops, sells, and maintains solid-state gamma cameras to hospitals and physicians | Provides diagnostic imaging including CT, MRI, PET, PET/CT, and nuclear medicine & healthcare expertise | Manufactures & distributes modular housing units Commercial and residential projects | Manufactures engineered wood products & building materials for both residential and commercial contractors; operates a professional lumber yard and showroom | Owns the real estate assets of HoldCo Future acquisition targets could have underappreciated real estate assets | Strategic investments could be made in future potential acquisition targets for HoldCo |
|  |  |  |  |  |  | |

Publicly-Traded HoldCo



Benefits of HoldCo Structure:

- **Improved revenue, cash flow, and earnings** due to cost savings and other efficiencies
- Optimized capital allocation will **maximize ROIC and ROE** over the long term
- **Operating CEOs focused on operations and growth** rather than on corporate functions
- **Platform for future bolt-on acquisitions** and other growth opportunities
- **Preferred stock could be used as acquisition currency**
 - ✓ no common equity dilution, no NOL impact, no maturity date, junior to bank debt, and tax efficient

RECENT FINANCIAL HIGHLIGHTS

| \$ in million | | FY 2019 | FY 2018 | Change % |
|---------------------|---------------------------|-------------------|-------------------|--------------|
| Revenue | | \$ 114,185 | \$ 104,180 | 9.6% |
| | Healthcare | 102,846 | 104,180 | (1.3%) |
| | Building & Construction | 11,257 | - | - |
| | Real Estate & Investments | 82 | - | - |
| Gross profit | | \$ 22,115 | \$ 18,271 | 21.0% |
| | Healthcare | 20,328 | 18,271 | 11.3% |
| | Building & Construction | 2,013 | - | - |
| | Real Estate & Investments | (226) | - | - |

~ \$91.6 M of usable net operating losses ("NOL") in the U.S. as 12/31/19

Disclaimer

This presents non-GAAP financial measures. A discussion of the reasons why management believes that the presentation of non-GAAP financial measures provides useful information to investors regarding Digirad's financial condition and results of operations is included as Exhibit 99.2 (with a reconciliation included in Exhibit 99.1) to Digirad's report on Form 8-K filed with the Securities and Exchange Commission on March 6, 2020.

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GROWTH STRATEGY

Organic Growth

Healthcare

- Expand geographic and client footprint for higher margin segments such as camera sales and mobile scanning services

Building & Construction

- In discussions for several new commercial construction projects to be built in 2020 in the New England area - this could lead to:
 - Increased utilization rate at the factory in Maine
 - Opening of a second facility in Maine (currently idle)

Real Estate & Investment

- Completed a financing via commercial mortgages for its three plants: proceeds used to fund working capital requirements for Building & Construction division

Acquisitions

Seeking attractive acquisition opportunities to:

- **Expand existing business divisions** through bolt-on acquisitions
- Create **new business divisions** for HoldCo

2020 GUIDANCE

Revenues: **\$125 million - \$145 million**

Adjusted EBITDA: **\$7 million - \$9 million⁽¹⁾**

Goal is to grow Adjusted EBITDA organically by cutting costs and through internal growth initiatives such as re-starting an idle plant at ATRM's KBS division

Free Cash Flow: **\$4 million - \$5 million⁽²⁾**

(1) Assumes no restart of KBS's idle plant in Oxford, Maine in 2020.

(2) Assumes no changes in working capital, no asset sales, and approximately \$1 million of annual interest expense.