

# Creating stockholder value through operating excellence, internal growth investments, and acquisitions

## Common Stock: (Nasdaq: DRAD)

4.9 million shares as of 9/30/20

## Series A Preferred Stock (Nasdaq: DRADP)

1.92 million shares as of 9/30/20

10% annual cash dividend

- Transformed into a diversified holding company (“HoldCo”) through the acquisition of ATRM Holdings as the initial “kick-off” transaction to form HoldCo
- ATRM acquisition closed on 9/10/2019; tax-efficient Series A 10% Preferred stock (non-convertible) issued as consideration in the transaction
- HoldCo structure: separate business divisions with shared corporate functions
- In May 2020, completed a \$5.5 million public offering; proceeds to finance growth

## Digirad Corporation has three business divisions:

### Healthcare

#### Across the USA

#### Diagnostic Imaging

Designs, manufactures, and sells proprietary solid-state mobile imaging cameras for hospitals and physicians

Services existing installed base

*Digirad-branded cameras*

#### Diagnostic Services

Offers mobile imaging services to medical providers in their facilities

*Mainly Digirad-branded cameras*

#### Mobile Healthcare\*

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

*Non Digirad-branded cameras*

### Building & Construction

#### Maine/New England

#### KBS Builders

Designs and manufactures modular housing units

Designs and manufactures wall panels

Commercial and residential projects

#### Minneapolis-area

#### EGBL

Designs and manufactures wall panels and engineered wood products

Distributes building materials and operates a professional lumber yard and showroom

Commercial and residential projects

### Real Estate & Investments

#### Real Estate

Owns and manages real estate assets of HoldCo’s operating companies

Future acquisition targets could have underappreciated real estate assets

#### Investments

Strategic investments could be made in potential acquisition targets for HoldCo



\* Digirad entered into a Stock Purchase Agreement to sell its DMS Health Technologies, Inc. business unit for \$18.75M. The Agreement is subject to customary closing conditions and is expected to close in January 2021.

# HoldCo Business Divisions and Corporate Structure

## OPERATING CEOs

- Manage Operating Businesses
- Pursue Growth Opportunities

### CURRENT OPERATING BUSINESSES

#### Healthcare

CEO: Matt Molchan

#### Building & Construction

GMs: Matt Mosher/Scott Jarchow

*(bolt-on acquisitions to expand existing divisions)*

### FUTURE OPERATING BUSINESSES

Future Acquisition 2

Future Acquisition 3

*(future acquisitions to create new business divisions)*

## HoldCo MANAGEMENT

Chairman (Jeff Eberwein)

COO/CFO (David Noble)

Board of Directors

- Capital Allocation
- Strategic Leadership
- Assist Operating CEOs
- Restructurings & Turnarounds
- Mergers, Acquisitions, & Dispositions
- Bank Relationships
- Capital Markets
- Investor Relations
- Financial Reporting, FP&A
- Manage Corporate Costs
- Manage Real Estate & Investments

### Real Estate & Investments

## Benefits of HoldCo Structure:

- Improved revenue, cash flow, and earnings due to stronger growth, cost savings, and other efficiencies
- Optimized capital allocation to 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

## Investment Highlights

### FY 2019 Highlights (vs. FY 2018)

**\$114.2M**

Revenue  
+9.6%

**\$22.1M**

Gross Profit  
+21.0%

**\$7.7M**

Adjusted EBITDA<sup>(1)</sup>  
+29.2%

**\$3.0M**

Free Cash Flow<sup>(1)</sup>  
vs \$5.0M

(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 and May 15, 2020, May 15, 2020, August 13, 2020, and November 13, 2020, respectively.

(2) Net operating loss carryforward can be used to offset US taxable income from any source.

### Tax Asset

**\$91.6M**

NOL<sup>(2)</sup>  
@ 12/31/2019

## Growth Strategy

### Healthcare

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

### Building & Construction

- Exploring ways to increase KBS's modular manufacturing output by expanding South Paris plant and fully re-opening Oxford plant
- Goal of reaching output capability of 750-1000 modules/year at some point in the future. KBS's actual production in 2019 was ~ 230 modular units
- Recently entered structural wall panels markets in the New England area by partially re-opening idled Oxford plant
- KBS and EGBL both want to expand presence in their markets by growing output and adding new products and services to their offering to clients

### Real Estate & Investment

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

### Organic Growth

### Acquisitions

Seeking attractive acquisition opportunities to:

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

## Financing Growth Strategy

**Completed a \$5.5 M public offering issuing (May 2019)**

- **2,450,000 common stock** at a price of **\$2.25/share**, and
- **Warrants to purchase common stock** up to a total of 1,225,000 shares

**Agreement to sale non-core assets for \$18.75M**

- Signed a Stock Purchase Agreement to sell **DMS Health Technologies, Inc. business unit**
- Subject to customary closing conditions, the Agreement is **expected to close in Jan. 2021.**

### Proceeds to fund ....

- **KBS projects** (specifically, three multi-family modular housing projects for the New England, as well as further expansion in the commercial scale project market segment)
- **Working capital** and, other **general corporate expenses**

## Contacts

### Digirad Corporation

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### Investor Relations

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