
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report:
November 2, 2018
(Date of earliest event reported)

DIGIRAD CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-35947
(Commission File Number)

33-0145723
(IRS Employer
Identification No.)

**1048 Industrial Court,
Suwanee, GA 30024**
(Address of principal executive offices, including zip code)

(858) 726-1600
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§232.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On November 2, 2018, Digirad Corporation issued a press release announcing financial results for the three and nine months ended September 30, 2018. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits**(a) Financial statements:**

None

(b) Pro forma financial information:

None

(c) Shell company transactions:

None

(d) Exhibits:

[99.1](#) Press Release of Digirad Corporation dated November 2, 2018

[99.2](#) Information Related to the Use of Non-GAAP Financial Measures

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DIGIRAD CORPORATION

By: /s/ MATTHEW G. MOLCHAN

Matthew G. Molchan

President, Chief Executive Officer and Interim Chief Financial Officer

Date: November 2, 2018

Exhibit Index

Exhibit No.	Description
99.1	Press Release of Digirad Corporation dated November 2, 2018.
99.2	Information Related to the Use of Non-GAAP Financial Measures

News Release

For immediate release
November 2, 2018

For more information contact:

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Chairman of the Board
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**Digirad Corporation Reports Financial Results for the
Third Quarter and Nine Months Ended September 30, 2018**

- *Discusses progress on new “HoldCo” strategy*
- *Announces sale of Telerhythmics business*
- *Approves a new Stock Buy Back Plan, replacing Dividends*
- *Reaffirms 2018 financial guidance for Revenue and Free Cash Flow and updates its non-GAAP adjusted EBITDA guidance*

Suwanee, GA. - Digirad Corporation (Nasdaq: DRAD) today reported its financial results for the third quarter and nine months ended September 30, 2018.

Total revenues from continuing operations for the third quarter were \$25.7 million, compared to \$25.8 million in the third quarter of the prior year.

Net loss from continuing operations for the third quarter was \$1.2 million, or \$0.06 net loss per diluted share from continuing operations, compared to net loss of \$7.3 million or \$0.37 net loss per diluted share in the same period in the prior year. Non-GAAP adjusted net loss from continuing operations for the third quarter was \$0.6 million, or \$0.03 adjusted net loss from continuing operations per diluted share, compared to adjusted net income of \$0.1 million, or \$0.01 adjusted net income per diluted share in the same period in the prior year.

Non-GAAP adjusted EBITDA from continuing operations for the third quarter was \$1.6 million, compared to \$2.4 million in the same period in the prior year. Operating cash flow for the third quarter was negative \$0.8 million, compared to the prior year's operating cash flow for the third quarter of \$0.6 million. Non-GAAP free cash flow was negative \$0.4 million for the third quarter, compared to negative \$0.2 million in the same period in the prior year.

Total revenues for the nine months ended September 30, 2018 were \$78.3 million, compared to \$78.3 million in the same period in the prior year.

Net loss from continuing operations for the nine months ended September 30, 2018 was \$2.9 million, or \$0.15 net loss per diluted share, compared to net loss of \$12.4 million, or \$0.62 net loss per diluted share in the same period in the prior year. Non-GAAP adjusted net loss for the nine months ended September 30, 2018 was \$1.6 million, or \$0.08 adjusted net loss per diluted share, compared to adjusted net loss of \$1.7 million, or \$0.09 adjusted net loss per diluted share in the same period in the prior year.

Non-GAAP adjusted EBITDA for the nine months ended September 30, 2018 was \$5.2 million, compared to \$5.6 million in the same period in the prior year. Operating cash flow for the nine months ended September 30, 2018 was \$2.2 million, compared to the prior year's operating cash flow for the first nine months of \$4.1 million. Non-GAAP free cash flow was \$2.1 million for the nine months ended September 30, 2018, compared to \$2.7 million in the same period in the prior year.

Digirad President and CEO Matt Molchan said, “Overall, our business had some challenges during the quarter, which we expect to be temporary in nature. Despite these challenges, we were still able to keep revenue flat on a year over year basis, with Diagnostic Services revenue outperforming over the prior year. Our Digirad Imaging Solutions (DIS) unit within Diagnostic Services suffered weather related issues due to storms in the southeast but still managed to outperform the prior year quarter by 6%. Mobile Healthcare’s performance in the quarter was impacted by higher than normal equipment and trailer maintenance costs, however interim rental revenue continued to outperform increasing by 24% over the prior year’s quarter.” Molchan continued, “Camera sales again impacted our revenue generation in Diagnostic Imaging, but a strong September bodes well for a good finish to the year as budgets for hospital systems’ capital expenditures are being funded.”

The proposed merger with ATRM Holdings, Inc. to form “HoldCo”, previously announced on September 10th, 2018 continues to progress with an anticipated closing in the spring of 2019. Additionally, the Company has chosen to eliminate the dividend so that it can instead buy back stock given the attractive valuation of the Company’s current stock price. HoldCo, once it is formed, expects to make high-return internal investments as well as look for attractive acquisition opportunities in addition to repurchasing shares. “Our mission is to grow and maximize value per share over the long-term, and we believe opportunistic share repurchases will better achieve this goal than continuing to pay dividends given our current stock price” said Digirad Chairman Jeff Eberwein. Under the new stock repurchase program, authorized by the Board of Directors, the Company may purchase up to 2 million shares of its common stock, which represents approximately 10% of the current shares outstanding. After completing this repurchase program, the Board will consider authorizing an additional share repurchase plan. The Company intends to repurchase shares through authorized Rule 10b5-1 plans, open market purchases, privately-negotiated transactions, block purchases or otherwise in accordance with applicable federal securities laws, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended. Share repurchases will be evaluated against organic growth investments and acquisitions, and the Company expects to continually allocate capital to its highest and best use.

In addition, the Company sold its Telerhythmics business to G Medical Innovations USA, Inc. for \$1.95 million in cash. This sale will allow the Company to put even more focus on its cash generating imaging businesses and it will allow the Telerhythmics business to merge with a company in G Medical that is focused in the cardiac event monitoring space with exciting new technology on the horizon. The Company intends to use the proceeds of the deal to further pay down its debt.

2018 Financial Guidance

The Company reaffirms its previously announced fiscal year 2018 financial guidance for revenues from continuing operations between \$100 and \$105 million and free cash flow between \$4 and \$5 million. The Company lowers its non-GAAP adjusted EBITDA from between \$8.5 and \$9.5 million to approximately \$7.0 million. The updated guidance is based on adjusting the full year outlook based on the actual performance in the third quarter.

Conference Call Information

A conference call is scheduled for 11:00 a.m. EDT on November 2, 2018 to discuss the results and management's outlook. The call may be accessed by dialing 1-877-407-9039 (international callers: +1-201-689-8470) five minutes prior to the scheduled start time and referencing Digirad. A simultaneous webcast of the call may be accessed online from the Events & Presentations link on the Investor Relations page at <http://drad.client.shareholder.com>; an archived replay of the webcast will be available within 15 minutes of the end of the conference call.

Use of Non-GAAP Financial Measures by Digirad Corporation

This Digirad news release presents the non-GAAP financial measures “adjusted net income (loss),” “adjusted net income (loss) per diluted share,” “free cash flow”, and “adjusted EBITDA.” The most directly comparable measure for these non-GAAP financial measures are net income and diluted net income per share. The Company has included below unaudited adjusted financial information, which presents the Company's results of operations after excluding acquired intangible asset amortization, acquisition related contingent consideration adjustments, unrealized gain(loss) on available-for-sale securities, and non-recurring related income tax adjustments. Further excluded in the measure of adjusted EBITDA are interest, taxes, depreciation, amortization and stock-based compensation.

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 to Digirad's report on Form 8-K filed with the Securities and Exchange Commission on November 2, 2018.

About Digirad Corporation

Digirad delivers convenient, effective, and efficient healthcare solutions on an as needed, when needed, and where needed basis. Digirad’s diverse portfolio of mobile healthcare solutions and diagnostic imaging equipment and services, provides hospitals, physician practices, and imaging centers through the United States access to technology and services necessary to provide exceptional patient care in the rapidly changing healthcare environment. For more information, please visit www.digirad.com.

Forward-Looking Statements

This press release contains statements that are forward-looking statements as defined within the Private Securities Litigation Reform Act of 1995. Some of these forward-looking statements can be identified by the use of forward-looking words such as “believes,” “expects,” “may,” “will,” “should,” “seek,” “approximately,” “intends,” “plans,” “estimates,” or “anticipates,” or the negative of those words or other comparable terminology, or in specific statements such as the Company's ability to deliver value to customers, the ability to grow and generate positive cash flow, the ability to execute on restructuring activities, and ability to successfully execute acquisitions. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. These risks are detailed in Digirad's filings with the U.S. Securities and Exchange Commission, including the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports. Readers are cautioned to not place undue reliance on these forward-looking statements, which speak only as of the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, and Digirad undertakes no obligation to revise or update the forward-looking statements contained herein.

(Financial tables follow)

Digirad Corporation
Condensed Consolidated Statements of Operations
(Unaudited)

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Services	\$ 22,904	\$ 22,820	\$ 69,851	\$ 69,619
Product and product-related	2,803	2,975	8,401	8,701
Total revenues	25,707	25,795	78,252	78,320
Cost of revenues:				
Services	19,700	18,768	58,984	56,456
Product and product-related	1,649	1,657	4,736	5,204
Total cost of revenues	21,349	20,425	63,720	61,660
Gross profit	4,358	5,370	14,532	16,660
<i>Total gross profit percentage</i>	<i>17.0%</i>	<i>20.8%</i>	<i>18.6%</i>	<i>21.3%</i>
<i>Services gross profit percentage</i>	<i>14.0%</i>	<i>17.8%</i>	<i>15.6%</i>	<i>18.9%</i>
<i>Product and product-related gross profit percentage</i>	<i>41.2%</i>	<i>44.3%</i>	<i>43.6%</i>	<i>40.2%</i>
Operating expenses:				
Marketing and sales	1,281	1,383	4,209	4,762
General and administrative	3,504	3,718	11,418	14,331
Amortization of intangible assets	356	374	1,069	1,121
Goodwill impairment	—	—	476	—
Loss on sale of buildings	507	—	507	—
Total operating expenses	5,648	5,475	17,679	20,214
Loss from operations	(1,290)	(105)	(3,147)	(3,554)
Other expense:				
Other expense, net	(76)	(237)	(112)	(237)
Interest expense, net	(200)	(154)	(563)	(574)
Loss on extinguishment of debt	—	—	(43)	(709)
Total other expense	(276)	(391)	(718)	(1,520)
Loss before income taxes	(1,566)	(496)	(3,865)	(5,074)
Income tax benefit (expense)	379	(6,838)	940	(7,357)
Loss from continuing operations, net of tax	(1,187)	(7,334)	(2,925)	(12,431)
(Loss) income from discontinued operations, net of tax	(239)	(1,565)	5,255	(1,316)
Net (loss) income	\$ (1,426)	\$ (8,899)	\$ 2,330	\$ (13,747)
Net (loss) income per share - basic and diluted				
Continuing operations	\$ (0.06)	\$ (0.37)	\$ (0.15)	\$ (0.62)
Discontinued operations	\$ (0.01)	\$ (0.08)	\$ 0.26	\$ (0.07)
Net (loss) income per share - basic and diluted ⁽¹⁾	\$ (0.07)	\$ (0.44)	\$ 0.12	\$ (0.69)
Dividends declared per common share	\$ 0.055	\$ 0.055	\$ 0.165	\$ 0.155
Weighted average shares outstanding – basic and diluted	20,176	20,009	20,129	19,974

⁽¹⁾ Earnings per share may not add due to rounding.

Digirad Corporation
Condensed Consolidated Balance Sheets
(Unaudited)

<u>(in thousands, except share data)</u>	September 30, 2018	December 31, 2017
Assets:		
Current assets:		
Cash and cash equivalents	\$ 963	\$ 1,877
Securities available-for-sale	90	97
Accounts receivable, net	13,455	15,887
Inventories, net	5,884	5,501
Restricted cash	167	242
Other current assets	1,987	1,972
Total current assets	22,546	25,576
Property and equipment, net	23,404	28,365
Intangible assets, net	6,760	7,830
Goodwill	1,916	2,392
Restricted cash	101	101
Non-current assets held for sale	—	1,736
Other assets	462	703
Total assets	\$ 55,189	\$ 66,703
Liabilities:		
Current liabilities:		
Accounts payable	\$ 4,645	\$ 5,207
Accrued compensation	3,257	5,507
Accrued warranty	151	204
Deferred revenue	1,561	2,302
Current liabilities held for sale	—	835
Other current liabilities	2,692	2,915
Total current liabilities	12,306	16,970
Long-term debt	13,592	19,500
Deferred tax liabilities	191	254
Other liabilities	1,795	2,180
Total liabilities	27,884	38,904
Stockholders' equity:		
Preferred stock, \$0.0001 par value: 10,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.0001 par value: 80,000,000 shares authorized; 20,230,628 and 20,060,311 shares issued and outstanding (net of treasury shares) at September 30, 2018 and December 31, 2017, respectively	2	2
Treasury stock, at cost; 2,588,484 shares at September 30, 2018 and December 31, 2017	(5,728)	(5,728)
Additional paid-in capital	145,339	148,163
Accumulated other comprehensive loss	(22)	(5)
Accumulated deficit	(112,286)	(114,633)
Total stockholders' equity	27,305	27,799
Total liabilities and stockholders' equity	\$ 55,189	\$ 66,703

Digirad Corporation
Reconciliation of Non-GAAP Financial Measures
(Unaudited)

<u>(in thousands, except per share amounts)</u>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net loss from continuing operations	\$ (1,187)	\$ (7,334)	\$ (2,925)	\$ (12,431)
Acquired intangible amortization	356	374	1,069	1,121
Unrealized loss on available-for-sale securities ⁽¹⁾	76	237	112	237
Litigation reserve ⁽²⁾	—	—	—	1,339
Restructuring costs ⁽³⁾	—	—	97	—
Loss on extinguishment of debt	—	—	43	709
Goodwill impairment ⁽⁴⁾	—	—	476	—
Loss on sale of buildings ⁽⁵⁾	507	—	507	—
Acquisition related contingent consideration valuation adjustment ⁽⁶⁾	—	—	—	(57)
Income tax items ⁽⁷⁾	(379)	6,838	(940)	7,357
Non-GAAP adjusted net (loss) income from continuing operations	\$ (627)	\$ 115	\$ (1,561)	\$ (1,725)
Net loss per diluted share from continuing operations ⁽⁸⁾	\$ (0.06)	\$ (0.37)	\$ (0.15)	\$ (0.62)
Acquired intangible amortization	0.02	0.02	0.05	0.06
Unrealized loss on available-for-sale securities ⁽¹⁾	—	0.01	0.01	0.01
Litigation reserve ⁽²⁾	—	—	—	0.07
Restructuring costs ⁽³⁾	—	—	—	—
Loss on extinguishment of debt	—	—	—	0.04
Goodwill impairment ⁽⁴⁾	—	—	0.02	—
Loss on sale of buildings ⁽⁵⁾	0.03	—	0.03	—
Acquisition related contingent consideration valuation adjustment ⁽⁶⁾	—	—	—	—
Income tax items ⁽⁷⁾	(0.02)	0.34	(0.05)	0.37
Non-GAAP adjusted net (loss) income per diluted share from continuing operations ⁽⁸⁾	\$ (0.03)	\$ 0.01	\$ (0.08)	\$ (0.09)

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net loss from continuing operations	\$ (1,187)	\$ (7,334)	\$ (2,925)	\$ (12,431)
Unrealized loss on available-for sale securities ⁽¹⁾	76	237	112	237
Litigation reserve ⁽²⁾	—	—	—	1,339
Restructuring costs ⁽³⁾	—	—	97	—
Goodwill impairment ⁽⁴⁾	—	—	476	—
Loss on extinguishment of debt	—	—	43	709
Depreciation and amortization	2,165	2,284	6,718	7,024
Stock-based compensation	174	261	546	809
Loss on sale of buildings ⁽⁵⁾	507	—	507	—
Interest expense, net	200	154	563	574
Acquisition related contingent consideration valuation adjustment ⁽⁶⁾	—	—	—	(57)
Income tax expense (benefit)	(379)	6,838	(940)	7,357
Non-GAAP adjusted EBITDA from continuing operations	\$ 1,556	\$ 2,440	\$ 5,197	\$ 5,561

⁽¹⁾ Reflects change in fair value on equity investments classified as available-for-sale.

⁽²⁾ Reflects legal settlement for wage and hour litigation in 2017.

⁽³⁾ Reflects severance related costs.

⁽⁴⁾ Reflects impairment of goodwill for Telerhythmics reporting unit.

⁽⁵⁾ Reflects loss on sale a portion of land and buildings in our Fargo location.

⁽⁶⁾ Reflects fair value adjustment to estimate of contingent consideration related to acquisitions.

⁽⁷⁾ The Company has a significant tax NOL that is offset by a full valuation allowance recorded in the fourth quarter of 2017 in the GAAP consolidated financial statements. As a result, for purposes of non-GAAP measures, we utilized a 0% effective tax rate for both periods.

⁽⁸⁾ Per share amounts are computed independently for each discrete item presented. Therefore, the sum of the quarterly per share amounts will not necessarily equal to the total for the year, and sum of individual items may not equal the total.

Digirad Corporation
Reconciliation of Operating Cash Flow to Free Cash Flow
(Unaudited)

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net cash provided by (used in) operating activities	\$ (823)	\$ 606	\$ 2,218	\$ 4,101
Purchases of property and equipment, net of dispositions	455	(778)	(139)	(1,393)
Free cash flow	\$ (368)	\$ (172)	\$ 2,079	\$ 2,708

Digirad Corporation
Supplemental Debt Information
(Unaudited)

The following table reflects outstanding principal balances and interest rates for the Company's debt at September 30, 2018 and December 31, 2017:

(in thousands)	September 30, 2018		December 31, 2017	
	Balance	Interest Rate	Balance	Interest Rate
Revolving Credit Facility ⁽¹⁾	\$ 13,592	4.55%	\$ 19,500	3.90%
Total borrowings	<u>\$ 13,592</u>		<u>\$ 19,500</u>	

⁽¹⁾ A Revolving Credit Agreement was entered into with Comerica Bank on June 21, 2017. The agreement consists of a revolving credit facility with a five-year term, maturing on June 21, 2022.

Digirad Corporation
Supplemental Segment Information
(Unaudited)

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Diagnostic Services	\$ 12,412	\$ 12,171	\$ 37,704	\$ 36,932
Diagnostic Imaging	2,803	2,975	8,401	8,701
Mobile Healthcare	10,492	10,649	32,147	32,687
Condensed consolidated revenue	<u>\$ 25,707</u>	<u>\$ 25,795</u>	<u>\$ 78,252</u>	<u>\$ 78,320</u>
Diagnostic Services	\$ 2,404	\$ 2,586	\$ 7,620	\$ 8,152
Diagnostic Imaging	1,154	1,318	3,665	3,497
Mobile Healthcare	800	1,466	3,247	5,011
Condensed consolidated gross profit	<u>\$ 4,358</u>	<u>\$ 5,370</u>	<u>\$ 14,532</u>	<u>\$ 16,660</u>
Income (loss) from continuing operations by segment:				
Diagnostic Services	\$ 250	\$ 288	\$ 764	\$ 443
Diagnostic Imaging	(108)	(39)	(444)	(947)
Mobile Healthcare	(925)	(354)	(2,484)	(1,711)
Segment loss from continuing operations	<u>\$ (783)</u>	<u>\$ (105)</u>	<u>\$ (2,164)</u>	<u>\$ (2,215)</u>
Loss on sale of buildings ⁽²⁾	(507)	—	(507)	—
Goodwill impairment ⁽³⁾	—	—	(476)	—
Litigation reserve ⁽⁴⁾	—	—	—	(1,339)
Condensed consolidated loss from continuing operations	<u>\$ (1,290)</u>	<u>\$ (105)</u>	<u>\$ (3,147)</u>	<u>\$ (3,554)</u>

⁽¹⁾ Segment information has been recast for all periods presented to reflect the MDSS disposition as discontinued operations. As certain shared function costs previously allocated to MDSS are not allocable to discontinued operations, prior period corporate costs have been re-allocated amongst the continuing reportable segments.

⁽²⁾ Reflects loss on sale a portion of land and buildings in our Fargo location.

⁽³⁾ Reflects goodwill impairment adjustment for Telerhythmics reporting unit.

⁽⁴⁾ Reflects legal settlement reserve for wage and hour litigation in 2017.

Use of Non-GAAP Financial Measures

In addition to financial results calculated in accordance with U.S. generally accepted accounting principles ("GAAP"), information containing non-GAAP financial measures for Digirad Corporation (the "Company") was disclosed in the Company's press release (the "Press Release") dated November 2, 2018 announcing results for the three and nine months ended September 30, 2018 that accompanied a conference call held by the Company on November 2, 2018. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations to those financial statements should be carefully evaluated. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. The Company has provided reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures. Management encourages readers to rely upon the GAAP numbers, but includes the non-GAAP financial measures as supplemental metrics to assist readers. Definitions of the non-GAAP financial measures are included in the Press Release.

In the Press Release, the Company presented the non-GAAP financial measures "adjusted net income (loss)," "adjusted net income (loss) per diluted share," "adjusted EBITDA," and "free cash flow." Company management uses these non-GAAP financial measures to evaluate the Company's performance. As the Company's core business is providing healthcare services and products to the healthcare industry, Company management finds it useful to use financial measures that do not include acquired intangible asset amortization, acquisition related contingent consideration adjustments, unrealized gain (loss) on available-for-sale securities, loss on sale of buildings, and non-recurring related income tax adjustments. While we may have these types of items and charges in the future, Company management believes that they are not reflective of the day-to-day offering of its products and services and relate more to strategic, multi-year corporate actions, without predictable trends, and that may obscure the trends and financial performance of the Company's core business. In the case of "adjusted EBITDA," Company management believes the exclusion of goodwill impairment, interest, taxes, depreciation, amortization, and stock-based compensation is a very common measure utilized in the investment community and it helps Company management benchmark its operations and results with the industry.

The limitation associated with using these non-GAAP financial measures is that these measures exclude items that impact the Company's current period operating results. This limitation is best addressed by using these non-GAAP financial measures in combination with "net income (loss)," "net income (loss) per diluted share," and "operating cash flow" (the most comparable GAAP measures) because these non-GAAP financial measures do not reflect items that impact current period operating results and may be higher or lower than the most comparable GAAP measure.