

December 2017

Making Healthcare Convenient



Digirad

(NASDAQ: DRAD)

Forward-looking Statements

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: The presentation and information contained herein present “forward-looking statements” addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. The matters discussed in these forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. The most significant of these uncertainties are described in Digirad’s Form 10-K, Form 10-Q and Form 8-K reports (including all amendments to those reports) and exhibits to those reports, and include (but are not limited to) the following: changes in business conditions, technology, reimbursements, economic outlook, indebtedness, acquisitions and related integration. This presentation reflects management’s views as of the date presented. Except to the limited extent required by applicable law, Digirad undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures: The financial information included in this presentation includes Non-GAAP financial measures. A reconciliation can be found on slides 26-28 of this presentation. In addition, reconciling information and definitions can be found on the Securities and Exchange Commission website at www.sec.gov in Exhibits 99.1 and 99.2, respectively of our Form 8-K filed on November 3, 2017.

Agenda

- Company Overview
- Mission and Strategy
- Healthcare Services
- Healthcare Products
- Recap
- Questions



What does Digirad do?

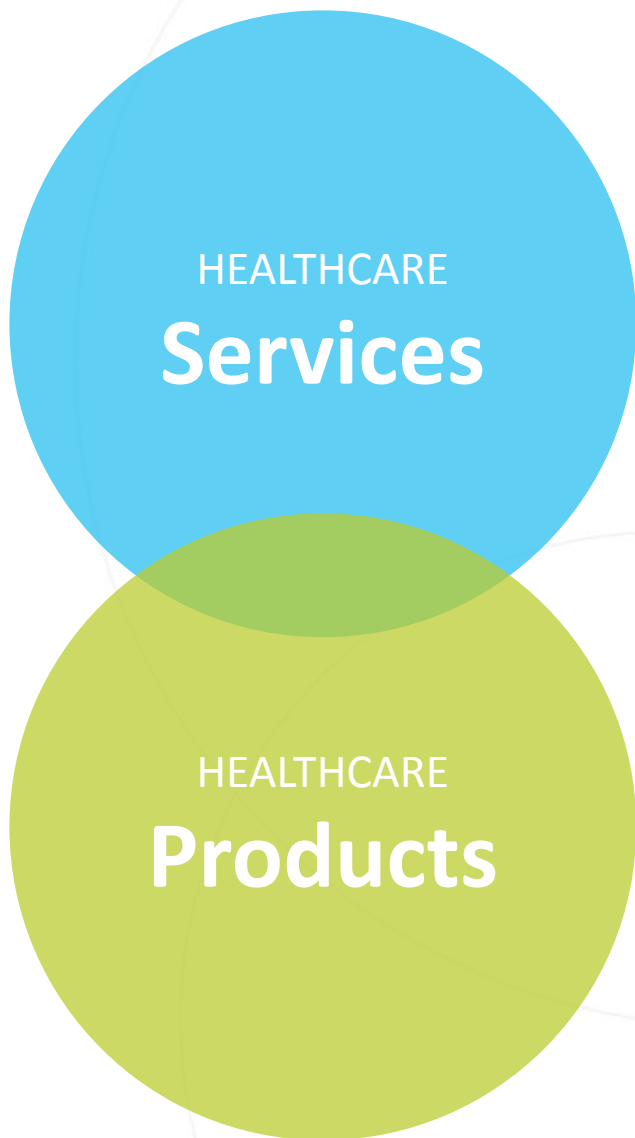
Digirad makes
healthcare convenient
by delivering healthcare
solutions expertise.

As Needed.

When Needed.

Where Needed.





The Digirad Difference

Digirad combines a mix of **healthcare services** and **healthcare products** to create **convenient healthcare solutions** for physicians and hospital systems.

- Mobile Healthcare
 - Mobile Nuclear Imaging
 - Mobile CT, MRI and PET
 - Cardiac Monitoring
 - Other Customized Solutions
-
- Solid State Nuclear Gamma Cameras
 - Warranty and Post Warranty Support for Digirad and Philips Imaging Products

Healthcare Services and Products Overview

HEALTHCARE SERVICES

Diagnostic Services

Q3 FY17
\$12.2M

Nuclear medicine imaging, mobile services and cardiac monitoring.

In Office

2016 Revenues:
\$48.3M

Mobile Healthcare

Q3 FY17
\$10.5M

Mobile health and mobile imaging solutions for hospital and IDN systems.

In Mobile Clinic

2016 Revenues:
\$47.2M

HEALTHCARE PRODUCTS

Diagnostic Imaging

Q3 FY17
\$3.0M

Solid state nuclear gamma cameras. Focused on sales and support.

2016 Revenues:
\$13.9M

Medical Device Sales & Service

Q3 FY17
\$2.9M⁽¹⁾

Exclusive sales and service of Philips medical equipment in the upper Midwest.

2016 Revenues:
\$16.1M

(1) On September 28, 2017, DMS received a notice of termination from Philips Healthcare that our Consolidated Agreement and Remote Insider agreement will be terminated upon the normal close of business on December 31, 2017, after which the Company will no longer operate as a manufacturer's sales representative in the defined Upper Midwest region of the United States in the contract, as well as not install or warranty products sold in the same region.

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Mission and Strategy

Mission

To **create value** by being the market leader in **delivering** effective and efficient healthcare **solutions** on an as needed, when needed and where needed basis.

Strategy

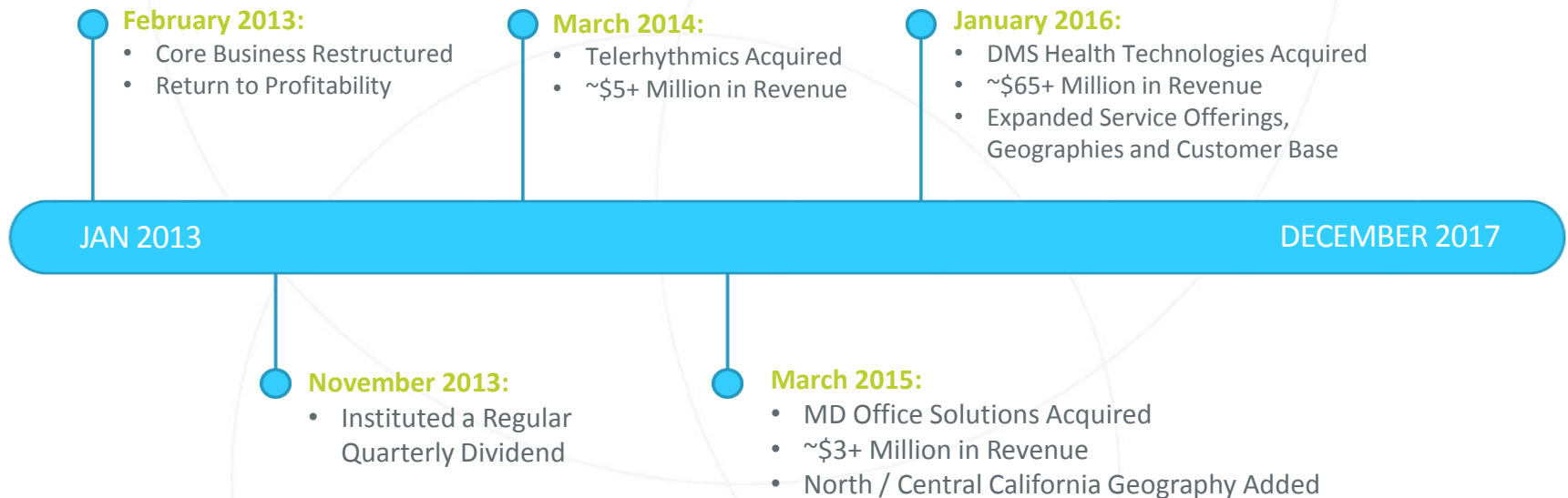
To drive **income** and **cash flow** from our business, which will grow and enhance shareholder value, for which that value will be **returned** to the shareholders.



Growth Strategy

Since Digirad initiated a restructuring in early 2013, we have focused on value creation, growth, and cash flow generation. We have stated our growth will come from **acquisitions, organic growth, and new services.**

DIGIRAD STRATEGY IN ACTION



Financial Snapshot

Overview	
Share Price (11/24/2017)	\$2.40
Shares Outstanding (11/24/2017)	20.1M
Market Capitalization (11/24/2017)	\$48.1M
Dividend Yield (11/24/2017)	9.17%
Average Share Volume (3 months)	~130K
Net Debt Position (9/30/2017)	\$17.4M
Q3 Results	
Revenue	\$28.6M
Services Revenue	\$22.7M
Product and Product-Related Revenue	\$5.9M
GAAP Loss Per Share	(\$0.44)
Adjusted EBITDA ¹	\$3.0M
Adjusted Earnings Per Share ¹	\$0.07

¹ See reconciliations on slides 26-28

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HEALTHCARE **Services**

HEALTHCARE SERVICES

Digirad Imaging Solutions

Delivering licensed staffing and imaging equipment to physicians without the burden or cost of full ownership.



STAFF



EQUIPMENT



SUPPORT

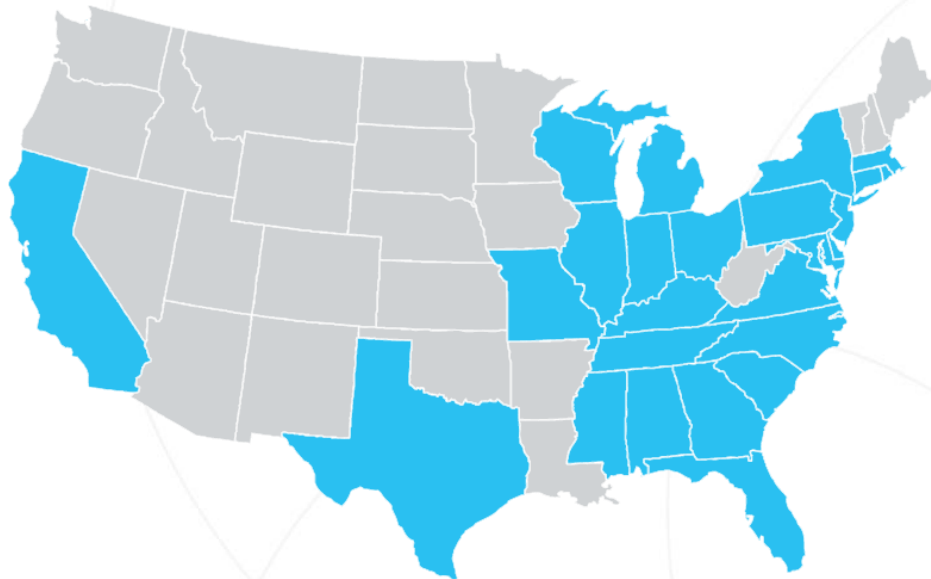
SERVICES INCLUDE:

- Nuclear Cardiology
- Ultrasound
- Staffing
- Outreach Programs
- Consulting Services



HEALTHCARE SERVICES

Digirad Imaging Solutions



Driving growth, increasing cash flow

Digirad Imaging Solutions provides outsourced nuclear and ultrasound services to over 30 markets throughout the United States.

ACQUISITIONS

- Tuck-in: Consolidation of smaller players
- Larger deep value opportunities
- Right opportunity at the right price

NEW REVENUE STREAMS

- New service lines
- Digirad Select: Array of tailored services to fit customer needs

GEOGRAPHIC OPTIMIZATION

- Drive density in existing markets
- Expand in concentrated population markets

HEALTHCARE SERVICES

Telerhythmics

Telerhythmics is a 24-hour cardiac event monitoring service, serving hospitals and physician offices on an outsourced basis.



- Patients are referred by hospitals, physicians, and medical care facilities
- Direct Medicare and Private Payer biller
- Superior Service through Superior Staffing



HEALTHCARE SERVICES

Mobile Healthcare


Mobile Healthcare, through DMS Health, provides a wide range of mobile, fixed-site, provisional healthcare and imaging services.



SERVICES INCLUDE:

- Mobile Imaging
- PET/CT, MRI, CT, Nuclear Medicine, Mammography
- Fixed Site Imaging
- Provisional Imaging
- Ability to provide many other mobile healthcare services



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HEALTHCARE **Products**

HEALTHCARE PRODUCTS

Nuclear Gamma Cameras

Digirad is the leader in the development and distribution of solid-state SPECT gamma cameras.

THE DIGIRAD ADVANTAGE

- Solid State
- Superior Image Quality
- Greater Flexibility
- Small Footprint
- Fast Imaging Acquisition Time



HEALTHCARE PRODUCTS

Nuclear Gamma Cameras

CARDIUS LINE

- Open, patient friendly design
- Superior cardiac images
- High specificity with attenuation correction (X-ACT+)



Cardius X-ACT+



Cardius 2XPO / 2MXPO

ERGO

- Point-of-care imaging for better clinical outcomes
- Multiple collimators for ultimate versatility



Cardius 3XPO



Ergo™

HEALTHCARE PRODUCTS

The Digirad Advantage

PRODUCT SALES & CUSTOMER SERVICE

- Dedicated and mobile nuclear imaging cameras with solid-state technology
- Focused sales approach to maximize margins and cash flow
- Expanding opportunities by developing relationships outside the United States
- Outsourced manufacturing for efficiency and savings

CAMERA SUPPORT

- Nationwide Field Service Engineers
- Flexible to address customer needs
- Serves a significant installed base of cameras, plus ability to service non-Digirad models



HEALTHCARE PRODUCTS

Medical Device Sales & Service

- Upper Midwest service area
- Service multiple imaging modalities
- Diverse customer base



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Recap

In Summary

Digirad has developed a strategy that **increases** and **delivers value** for our shareholders. Shareholder value has been and will continue to be increased by following our formula for growth:

THE DIGIRAD FORMULA FOR INCREASING VALUE

- Organic growth with focused sales efforts
- + Acquiring financially-disciplined, cash generating businesses
- + Introducing and acquiring new services to grow and diversify our business
- + Realizing the approx. \$92 million in Federal NOLs to offset future income tax
- + Consistent and steady dividend distributions
- + Share repurchases (opportunistically)
- = **Increased Shareholder Value**

The background is a solid blue color. Overlaid on this background are three large, thin, white-outlined circles. These circles are arranged in a triangular pattern, with each circle overlapping the other two. The word "Questions" is centered within the intersection of all three circles.

Questions

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Appendix: Financials

GAAP Financial Performance

	Q3 2017 GAAP ⁽¹⁾	Q3 2016 GAAP ⁽¹⁾	YTD Q3 2017 GAAP ⁽¹⁾⁽²⁾	YTD Q3 2016 GAAP ⁽¹⁾⁽³⁾
(in millions, except per share data)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	\$ 28.6	\$ 31.1	\$ 87.4	\$ 94.3
Gross profit	6.6	8.3	20.8	27.1
Operating expenses	9.0	7.6	25.9	25.5
Net (loss) income	(8.9)	(0.3)	(13.7)	12.3
Net (loss) income per diluted share	\$ (0.44)	\$ (0.01)	\$ (0.69)	\$ 0.62
Weighted average diluted shares outstanding	20.0	19.6	20.0	20.0

(1) Amounts are computed independently for each discrete item presented and, therefore, the sum of individual items may not equal the total due to rounding

(2) Included within net income for YTD Q3 2017 is an income tax expense of \$6.8 million, primarily due to an increase in the valuation allowance associated with the termination of the Philips agreement and its effect on our near term forecasted income

(3) Included within net income for YTD Q3 2016 is an income tax benefit of \$12.2 million, primarily related to the release of the valuation allowance associated with a portion of our deferred tax assets

Appendix: Non-GAAP Reconciliation

	Q3 2017 ⁽⁷⁾	Q3 2016 ⁽⁷⁾	YTD Q3 2017 ⁽⁷⁾	YTD Q3 2016 ⁽⁷⁾
(in millions, except per share data)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net (loss) income	\$ (8.9)	\$ (0.3)	\$ (13.7)	\$ 12.3
Acquired intangible amortization	0.6	0.6	1.7	1.7
Acquisition related contingent consideration valuation adjustment ⁽¹⁾	-	-	(0.1)	-
Investment impairment loss ⁽²⁾	0.2	0.4	0.2	0.4
Transaction and integration costs of DMS Health Technologies ⁽³⁾	-	0.1	-	1.7
Goodwill impairment ⁽⁴⁾	2.6	-	2.6	-
Litigation reserve ⁽⁵⁾	-	-	1.3	-
Loss on extinguishment of debt	-	-	0.7	-
Income tax items ⁽⁶⁾	7.0	0.2	10.1	(11.9)
Adjusted net income	\$ 1.5	\$ 1.0	\$ 2.9	\$ 4.4

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

(2) Reflects impairment loss related to write-down of available-for-sale securities to their fair market value that was considered other than temporary

(3) Reflects diligence, transaction, and integration costs related to the acquisition of DMS Health Technologies

(4) Reflects impairment of goodwill for MDSS reporting unit

(5) Reflects tentative legal settlement reserve, with preliminary court approval, for wage and hour litigation

(6) Reflects income tax effect for adjusted financial data, acquisition related income tax adjustments, and release of previously reserved net operating loss carryforwards

(7) Amounts are computed independently for each discrete item presented and, therefore, the sum of individual items may not equal the total due to rounding

Appendix: Non-GAAP Reconciliation

	Q3 2017 ⁽⁷⁾	Q3 2016 ⁽⁷⁾	YTD Q3 2017 ⁽⁷⁾	YTD Q3 2016 ⁽⁷⁾
(in millions, except per share data)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net (loss) income per share – diluted	\$ (0.44)	\$ (0.01)	\$ (0.69)	\$ 0.62
Acquired intangible amortization	0.03	0.03	0.09	0.09
Acquisition related contingent consideration valuation adjustment ⁽¹⁾	-	-	-	-
Investment impairment loss ⁽²⁾	0.01	0.02	0.01	0.02
Transaction and integration costs of DMS Health Technologies ⁽³⁾	-	0.01	-	0.09
Goodwill impairment ⁽⁴⁾	0.13	-	0.13	-
Litigation reserve ⁽⁵⁾	-	-	0.07	-
Loss on extinguishment of debt	-	-	0.04	-
Income tax items ⁽⁶⁾	0.35	0.01	0.51	(0.59)
Adjusted net income per share - diluted	\$ 0.07	\$ 0.05	\$ 0.15	\$ 0.22

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Net (loss) income	\$ (8.9)	\$ (0.3)	\$ (13.7)	\$ 12.3
Acquisition related contingent consideration valuation adjustment ⁽¹⁾	-	-	(0.1)	-
Investment impairment loss ⁽²⁾	0.2	0.4	0.2	0.4
Transaction and integration costs of DMS Health Technologies ⁽³⁾	-	0.1	-	1.7
Goodwill impairment ⁽⁴⁾	2.6	-	2.6	-
Litigation reserve ⁽⁵⁾	-	-	1.3	-
Loss on extinguishment of debt	-	-	0.7	-
Depreciation and amortization	2.5	2.5	7.7	7.3
Stock-based compensation	0.3	0.3	0.8	0.8
Interest expense, net	0.2	0.3	0.8	1.1
Income tax expense (benefit)	6.1	0.2	6.8	(12.2)
Adjusted EBITDA	\$ 3.0	\$ 3.6	\$ 7.2	\$ 11.4

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