

★ Star Equity Holdings

A Diversified Holding Company

Common Stock:
Nasdaq: STRR

Series A 10% Preferred Stock:
Nasdaq: STRRP

**Growing shareholder value through excellence in
operations and disciplined capital allocation**

Investor Presentation
December 2022



Healthcare



Construction



Investments

Forward-looking Statements

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements in this release 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, capital expenditures, cost reductions, capital structure or other financial items, (iii) the future financial performance of 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’s preferred stock; the restrictions contained in the debt agreements that limit the discretion of management in operating the business; legal, regulatory, political and economic risks in markets and public health crises that reduce economic activity and cause restrictions on operations (including the recent coronavirus COVID-19 outbreak); the length of time associated with servicing customers; losses of significant contracts or failure to get potential contracts being discussed; disruptions in the relationship with third party vendors; accounts receivable turnover; insufficient cash flows and resulting lack of liquidity; 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 in liquidity; 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’s 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, as well as factors related to the Company’s business 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 release 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.”). 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.

About Star Equity Holdings (Nasdaq: STRR; STRRP)



- Diversified holding company with three Divisions
- Operating divisions led by local management with corporate HQ functioning like a private equity firm and managing Investments Division
- In 2021, closed sale of non-continuing healthcare businesses for over \$20 million
- End of Q3 2022 cash & cash equivalents balance of \$9.3 million; well-positioned to pursue acquisitions
- Tax-efficient Series A 10% Preferred Stock (non-convertible) issued Sept. 2019 in an acquisition

Common Stock (Nasdaq: STRR):
Stock Price ¹: \$1.01
15.1 million shares outstanding ²

Series A Preferred Stock (Nasdaq: STRRP):
Stock Price ¹: \$9.05
1.92 million shares outstanding ²
10% annual cash dividend

(1) 12/02/22 closing price.
(2) As of 11/7/22.

Star Equity currently has three divisions:

HEALTHCARE

Across the USA

Diagnostic Imaging

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

Services existing installed base

Diagnostic Services

Offers mobile imaging services to medical providers in their facilities

CONSTRUCTION

Maine/New England

KBS

Designs and manufactures modular housing units

Commercial and residential projects

Minneapolis-area

EBGL

Designs and manufactures wall panels and engineered wood products

Distributes building materials and operates a professional lumber yard and showroom

Commercial and residential projects

INVESTMENTS

Real Estate

Owns, manages, and finances operating company real estate assets

Investments

Strategic investments in potential acquisition targets or JVs

Established Star Equity Fund, an investment vehicle seeking to unlock shareholder value, increase returns, and improve corporate governance at its portfolio companies

Benefits of Our Holding Company Structure

- Enhanced revenue, cash flow, and earnings **growth** due to stronger operations, cost savings, better funding, and other efficiencies
- Optimized and disciplined capital allocation will **maximize returns** over the long term
- Operating CEOs focused on operations and **growth**, not distracted by corporate functions
- Platform for future bolt-on acquisitions for existing operating companies, **acquisitions of new verticals**, and other **growth opportunities**

Financial Highlights

(FY 2021 vs. FY 2020) ⁽¹⁾

\$106.6M

Revenue
+36.3%

\$6.9M

Gross Profit
+77.6%

\$4.8M

Cash & cash equivalents
As of 12/31/21

(9M 2022 vs. 9M 2021) ⁽¹⁾

\$80.0M

Revenue
+3.9%

\$16.6M

Gross Profit
+98.9%

\$9.3M

Cash & cash equivalents
As of 9/30/22

(1) During the fourth quarter of 2020, Star Equity entered into a Stock Purchase Agreement to sell DMS Health Technologies, Inc. ("DMS Health"), a portion of our healthcare business which operated as the Company's Mobile Healthcare segment, for \$18.75 million. The sale of DMS Health closed on March 31, 2021. Related financial and operational data for the Mobile Healthcare business were classified as discontinued operations for all reporting periods ending December 31, 2021 and 2020. The results presented here relate to continuing operations, which encompass Healthcare, Construction, Investments, and discontinued operations, which consists of Mobile Healthcare. Mobile Healthcare's assets and liabilities were reported as "Assets held for sale" and "Liabilities held for sale" on the balance sheet as of December 31, 2020. Cash and cash equivalents includes restricted cash.

OPERATING CEOs

- Manage Operating Businesses
- Develop Organic Growth Opportunities
- Pursue Bolt-on Acquisitions

CURRENT OPERATING BUSINESSES

Healthcare

Construction

(bolt-on acquisitions to expand existing divisions)

FUTURE OPERATING BUSINESSES

**Future
Acquisition 1**

**Future
Acquisition 2**

**Future
Acquisition 3**

(future acquisitions to create new business divisions)

CORP-LEVEL MANAGEMENT

- Capital Allocation
- Strategic Leadership & Oversight
- Mentor Operating Management Teams
- Restructurings & Turnarounds
- Mergers, Acquisitions, & Dispositions
- Bank Relationships
- Capital Markets
- Investor Relations
- Financial Reporting, FP&A
- Compliance & Legal
- Investments Division Management

Investments

Similar to Private Equity, but with Key Distinctions

1

Looking for accretive bolt-ons and/or new verticals

2

Willing and able to pursue both private and public acquisition targets, sometimes through activism

3

Flexible deal structuring: able to use mix of cash, debt, common, preferred

4

Open-ended investment time horizon allows for flexible holding periods

5

Long-term relationship/partnership mentality rather than short-term transactional

6

Investment partners — Star Equity shareholders — do not pay any fees and may have instant liquidity

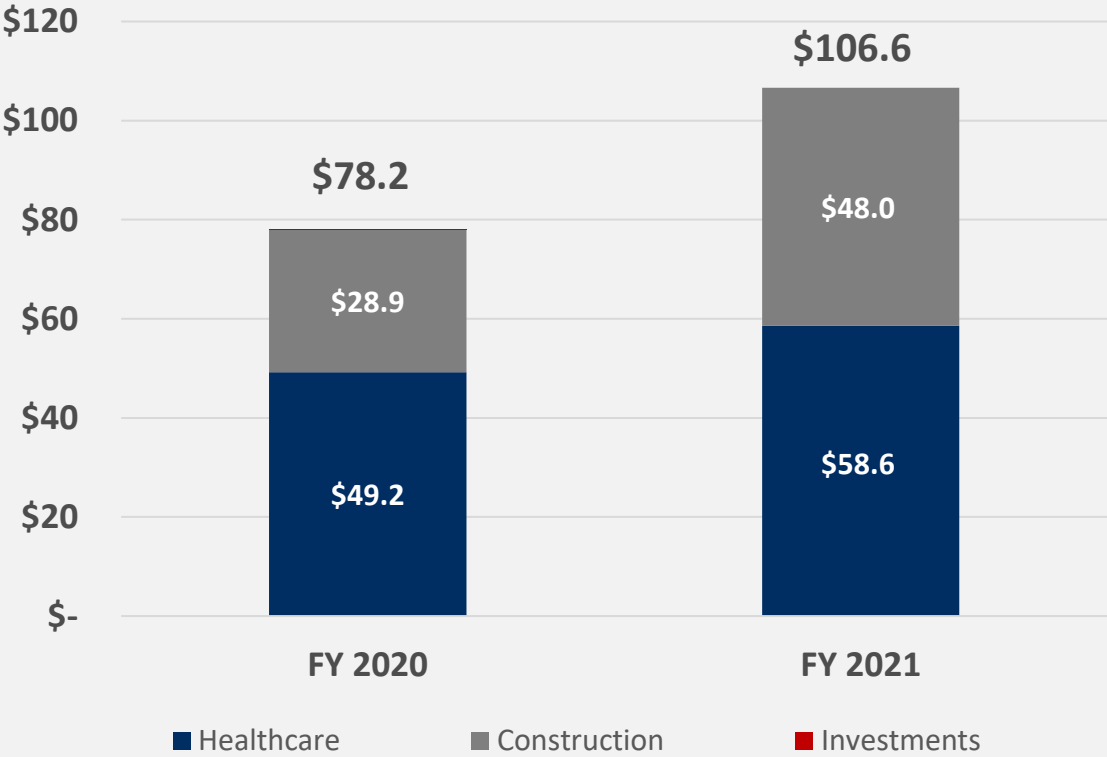
Growing
SHAREHOLDER VALUE

through
**EXCELLENCE IN OPERATIONS AND
DISCIPLINED CAPITAL ALLOCATION**

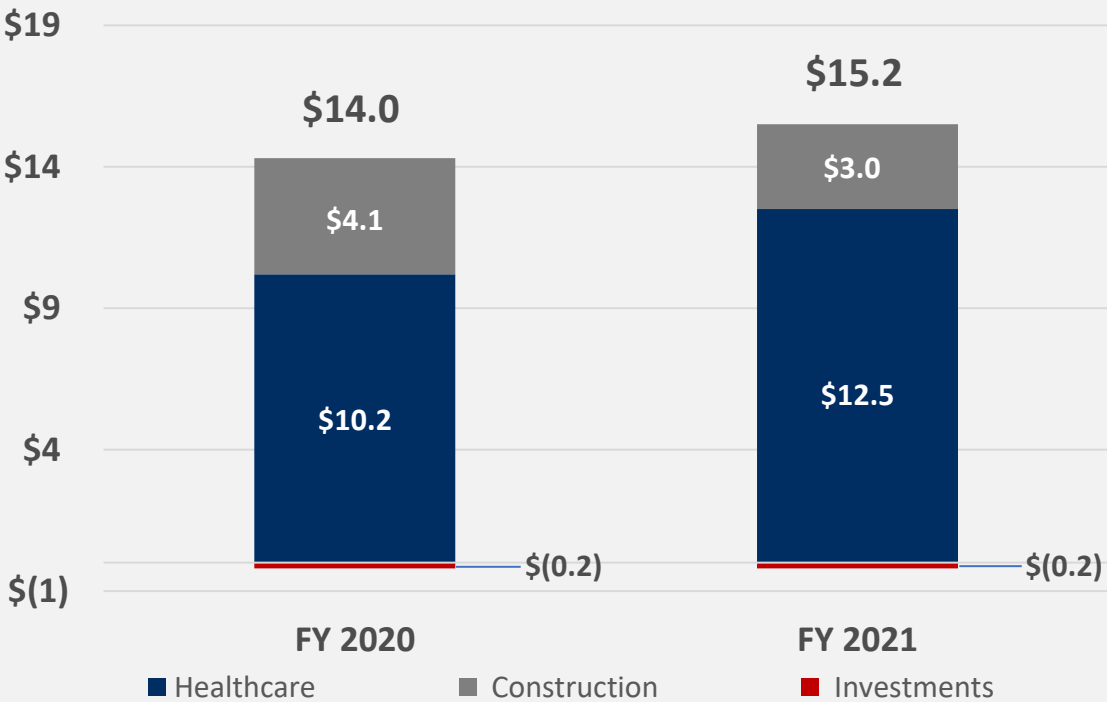


Financial Highlights *

Revenue by Business Division
(\$ in millions) ⁽¹⁾



Gross Profit by Business Division
(\$ in millions) ⁽¹⁾



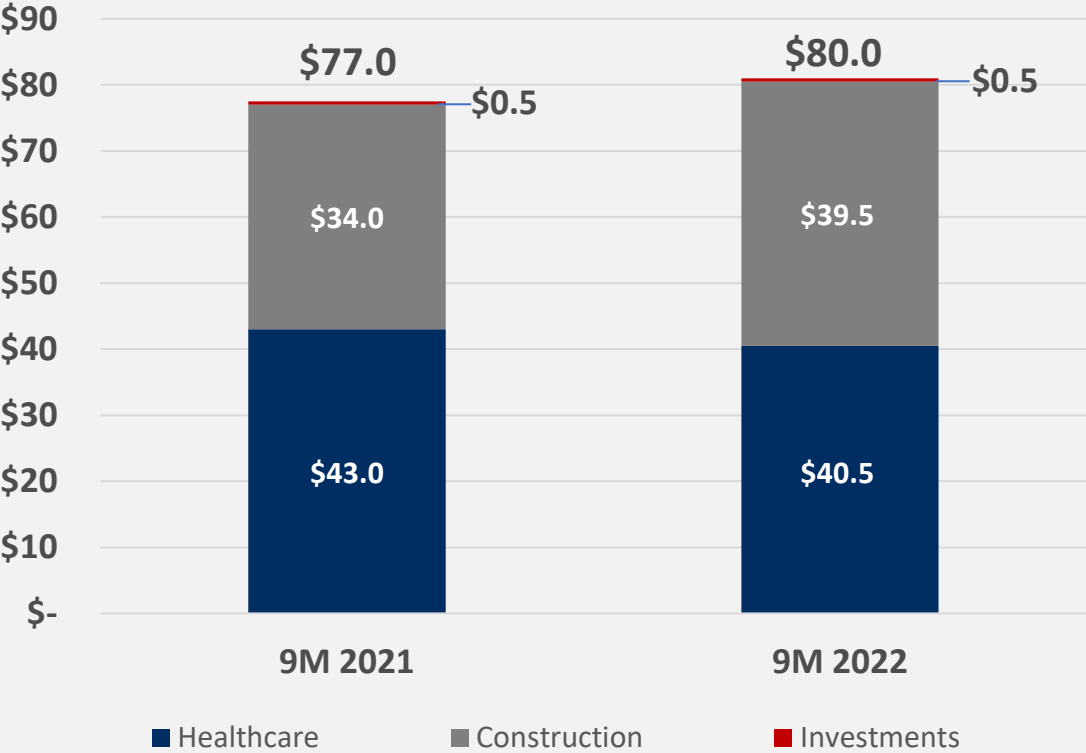
Gross Margin: FY 2020: **17.9%** FY 2021: **14.3%**

(1) Totals reflect the impact of intersegment eliminations

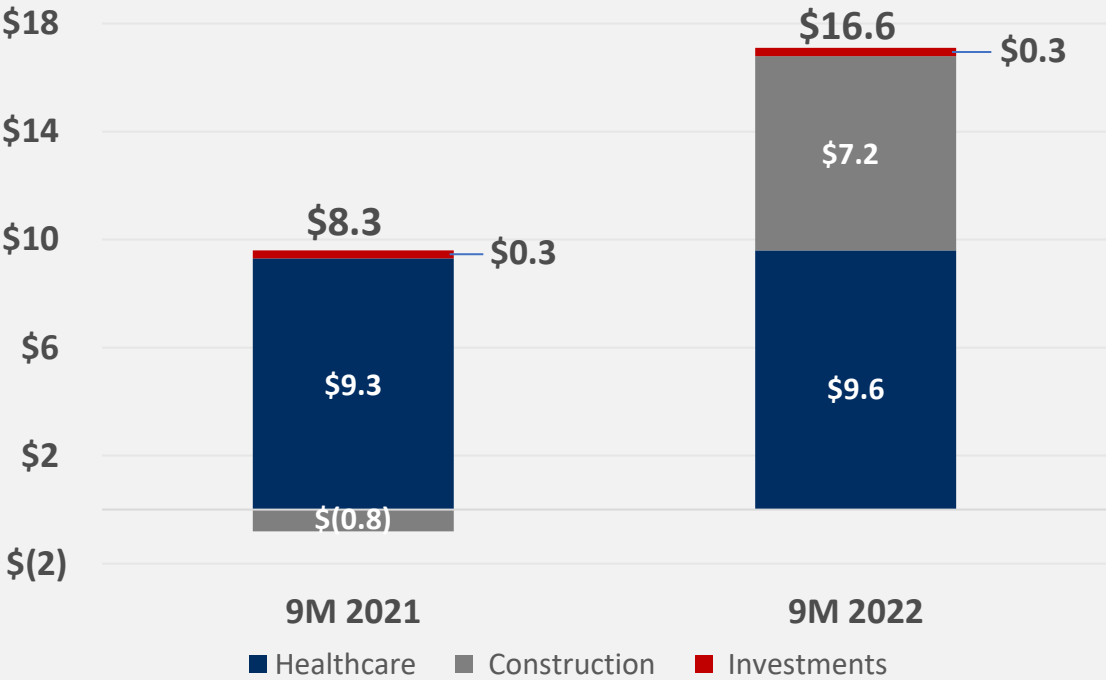
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9M 2022 Financial Highlights

Revenue by Business Division
(\$ in millions)⁽¹⁾



Gross Profit by Business Division
(\$ in millions)⁽¹⁾



Gross Margin: 9M 2021: 10.8%

9M 2022: 20.7%

(1) Totals reflect the impact of intersegment eliminations

ORGANIC GROWTH OPPORTUNITIES

Healthcare

- Increase sales of proprietary, high-margin portable nuclear imaging cameras through continued advances in hardware design and upgrades
- Extend and grow high-margin, post-warranty camera support contracts through increased sales efforts
- For diagnostic services, increase camera utilization and customer density at all points of service thereby increasing overall revenue and gross margin
- Expand geographic footprint through new and innovative product and service offerings

Construction

- Increase KBS's modular manufacturing output by expanding South Paris plant and eventually re-opening Oxford plant
- Long-term goal of reaching output capability of 750-1000 modular units per year; KBS's actual production in 2021 was approximately 350 modular units versus 280 in 2020 and 230 in 2019
- KBS and EBGL can expand presence in their markets by growing output and adding new products and services

Investments

- Three owned plants have separate credit facility, lowering the cost of capital, with proceeds used to grow and support the Construction division

DISCIPLINED ACQUISITION STRATEGY

Seeking attractive acquisition opportunities to:

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

TARGETS: PUBLIC OR PRIVATE COMPANIES

- **Market cap of \$5-50M** and more valuable inside our holding company 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 that can be significantly reduced as part of Star Equity
- **Opportunities for improved operating and financial performance**
- **Bolt-ons** for existing platform businesses or **creation of new divisions**
- Businesses with **growth potential and strong operating management teams**

ACQUISITION SYNERGIES:

- Operating management teams freed up to **maximize operations and pursue growth opportunities**
- Sharing certain corporate functions **reduces corporate overhead costs**
- **Lower cost of capital**
- **Better access to capital**
- **Better capital allocation**



Digirad Health

Digirad Health

Across the USA

Diagnostic Imaging

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

Services existing installed base

Diagnostic Services

Offers mobile imaging services to medical providers in their facilities

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

Digirad Health: Diagnostic Imaging Business Unit

Designs, manufactures, and sells proprietary solid-state cameras under the Digirad brand name with unmatched imaging and flexibility; services the existing installed base *

Digirad brand cameras



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, when needed, where needed



NATIONWIDE 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/>

* Over the last 20 years, Digirad has manufactured approximately 1,000 imaging cameras

Digirad Health: Diagnostic Services Business Unit

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

Mainly Digirad cameras



SOLUTIONS / EQUIPMENT

Provides turnkey, diagnostic solutions to hospitals and healthcare systems; offers 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



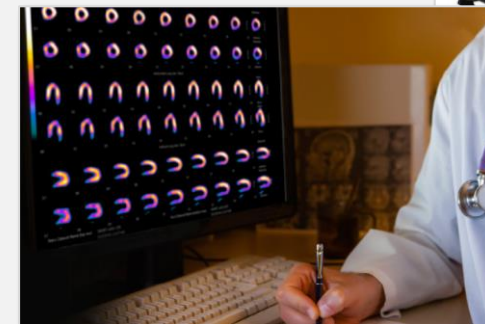
SUPPLIES

Wide range of nuclear imaging supplies and radiopharmaceuticals



ACCREDITATION

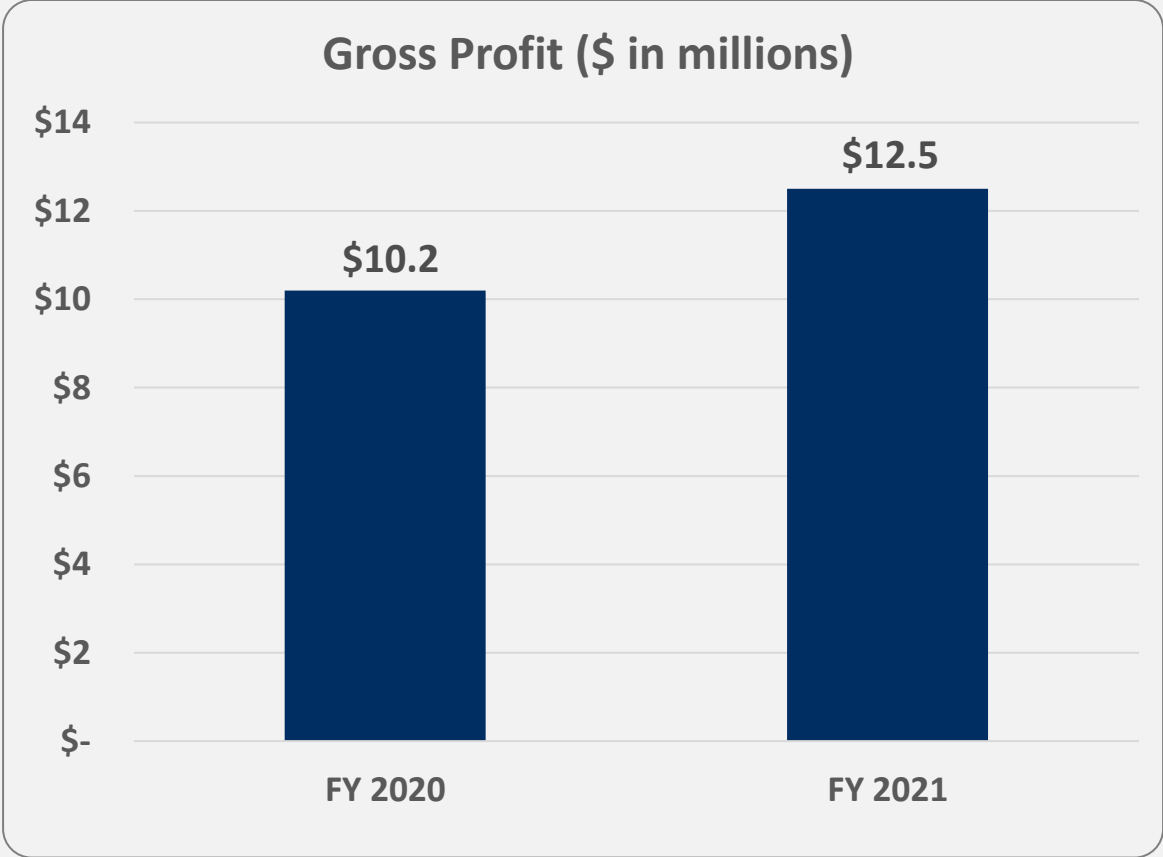
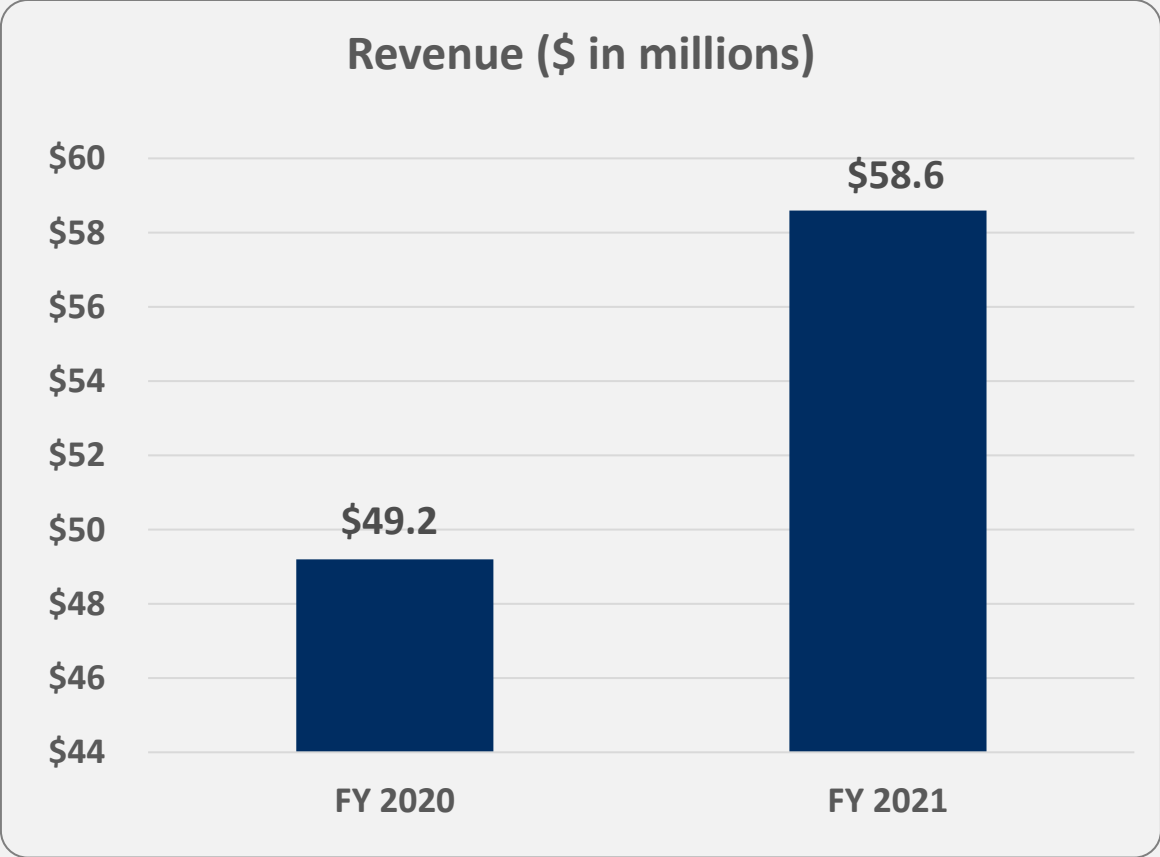
Assists clients with accreditation process



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

Healthcare: FY 2021 Financial Summary *

In 2021, our Healthcare division continued to rebound to more normal levels following the COVID slowdown, with healthcare providers returning to normal operations.



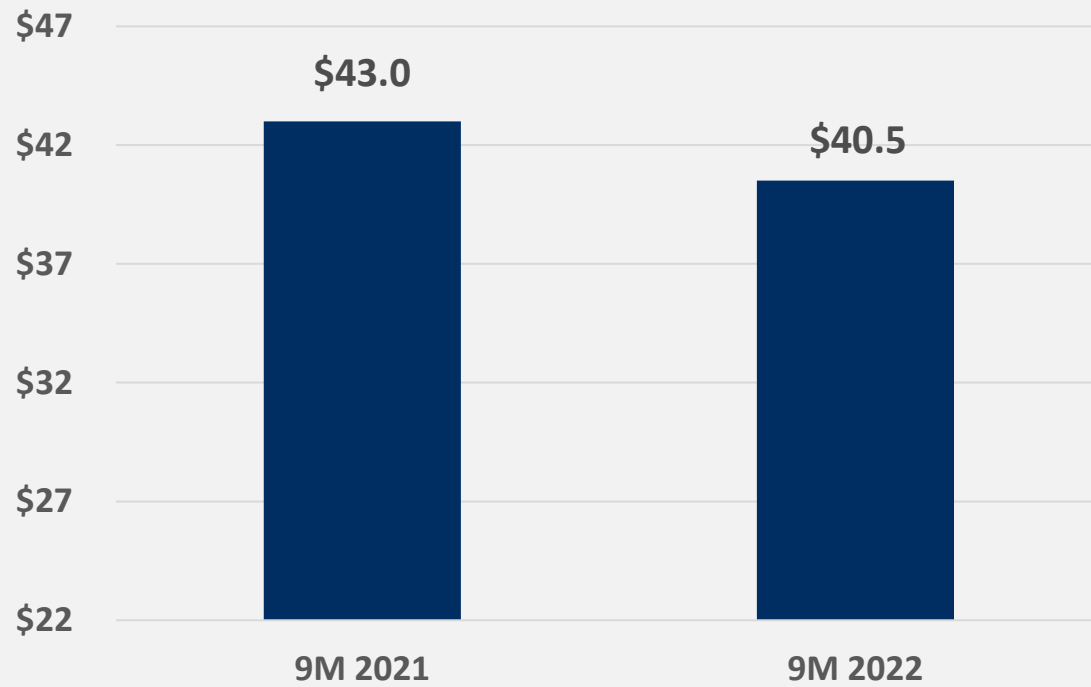
Gross Margin: FY 2020: 20.6% FY 2021: 21.3%

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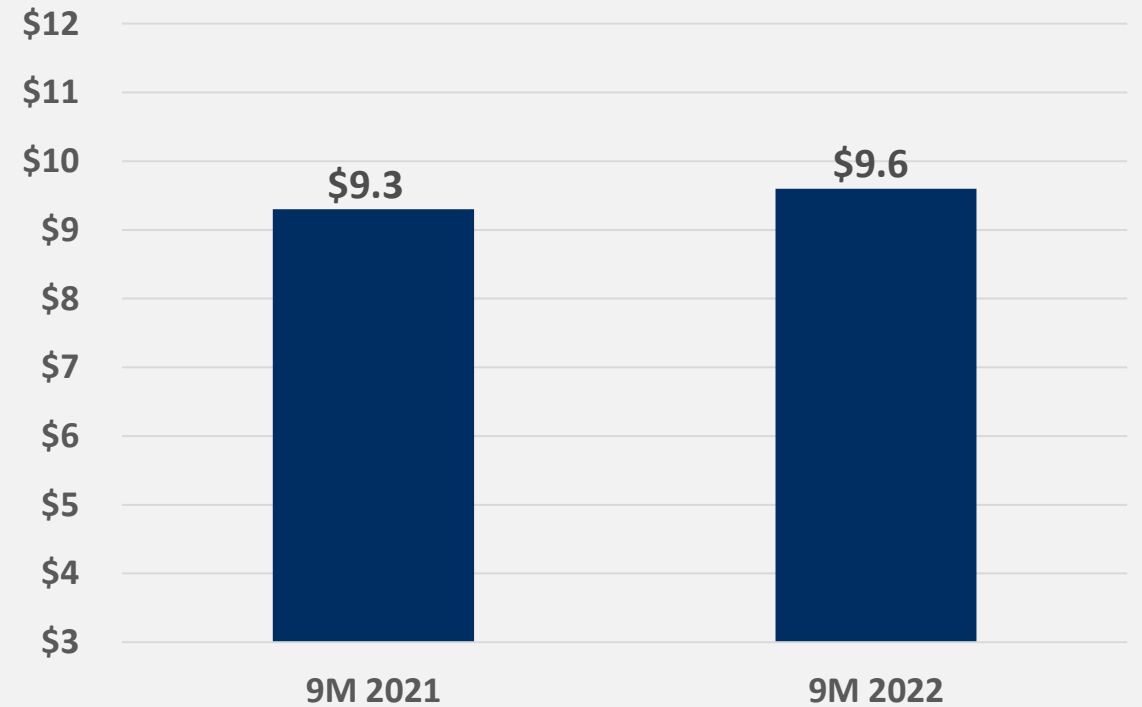
Healthcare: 9M 2022 Financial Summary

- Healthcare 9M 2022 revenues decreased by 5.9%, predominately driven by lower scanning revenue due to the continuing national shortage of Nuclear Medicine Technologists.
- Healthcare 9M 2022 gross profit increased by 3.4%, driven by an improved mix of product and service revenues.

Revenue (\$ in millions)



Gross Profit (\$ in millions)



Gross Margin: 9M 2021: 21.5%

9M 2022: 23.7%



Construction

Construction

Maine/New England

KBS Builders

- Designs and manufactures custom, modular housing units for single-family and multi-family projects
- Rapidly expanding presence in commercial-scale projects especially in the Greater Boston Area
- Largest known production capacity of any modular manufacturer in New England

Minneapolis-area

EBGL

- Designs and manufactures structural wall panels for commercial-scale, multi-family projects
- Designs and manufactures engineered wood products for single family homes and residential developments
- Distributes building materials and operates a professional lumber yard and showroom

Construction: KBS Builders Business Unit

Maine-based designer and manufacturer of modular housing units serving the New England Market



MODULAR UNITS

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



Website: www.kbsbuildersinc.com/



3 MANUFACTURING PLANTS

Operated by KBS

South Paris, Maine: approx. 85,000 sq. ft.; capacity of 500-600 modular units per year

Oxford, Maine: approx. 90,000 sq. ft.; currently idle; capacity of 400-500 modular units per year

Waterford, Maine: approx. 60,000 sq. ft.; currently idle



GEOGRAPHIC FOOTPRINT

Expanding universe of single and multi-family homebuilders and commercial contractors and developers across New England

- ❖ Average selling price now exceeds \$70,000/unit
- ❖ Sales pipeline of approximately \$50 million

- ❖ Long-Term Goal: Produce 15 to 20 units per week (750-1000 modular units per year), up from recent run rate of 7 to 8 per week (pre-acquisition run rate was 3 to 4 per week) and/or expand into new product areas.

Construction: KBS Builders – Progress on Multifamily Growth Initiative

	<i>PROJECT COMPLETED</i>	<i>PROJECT COMPLETED</i>	<i>PROJECT COMPLETED</i>	<i>PROJECT COMPLETED</i>	<i>PROJECT COMPLETED</i>	<i>IN PRODUCTION</i>
Contract Size	\$2.0M	\$6.7M	\$2.0M	\$2.0-2.5M	\$9.2M	\$4.2M
Client	Martin Realty	Tocci Building Corporation	Real Estate Developer	Non-Profit Affordable Housing Developer	College in New England	Real Estate Developer
Scope	Manufacture of 58 building modules to be used for the construction of 32 housing units to renovate and expand an existing mixed-use building for military veterans	3-phase contract to manufacture 124 building modules creating 28 single-family and townhouse units for a U.S. Government project	Manufacture of 36 building modules for the construction of 2 multifamily buildings	Manufacture of 40 building modules for the construction of 20 housing units for workforce housing	Manufacture of 72 building modules for the construction of 4 dormitories	Completing a project to manufacture 60 building modules for the construction of 8 multifamily buildings
Location	Downtown Quincy, MA	Natick, MA	NH	Cape Cod and the Islands	New England	Nantucket, MA
Delivery	September 2021	December 2021	December 2021	March 2022	Spring & Summer 2022	Winter 2022/2023

Two facilities, but managed together

EDGEBUILDER:

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



PRODUCTS

Wall panels, permanent wood foundations, and engineered wood products



SERVICES

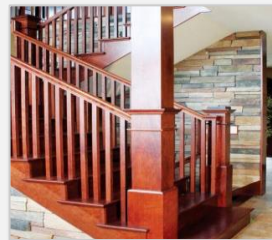
Sustainable green building practices, quality structural components, advanced design solutions



BENEFITS

Reduced building time, overhead & labor costs, defects, site thefts, and delays; customization and environmentally conscious materials

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



GLENBROOK:

- Operates **33,000 sq. ft.** comprising a leased professional lumber yard and showroom in **Oakdale, MN** and a warehouse in **Hudson, WI**
- Services the upper Midwest states of **WI, IA, 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

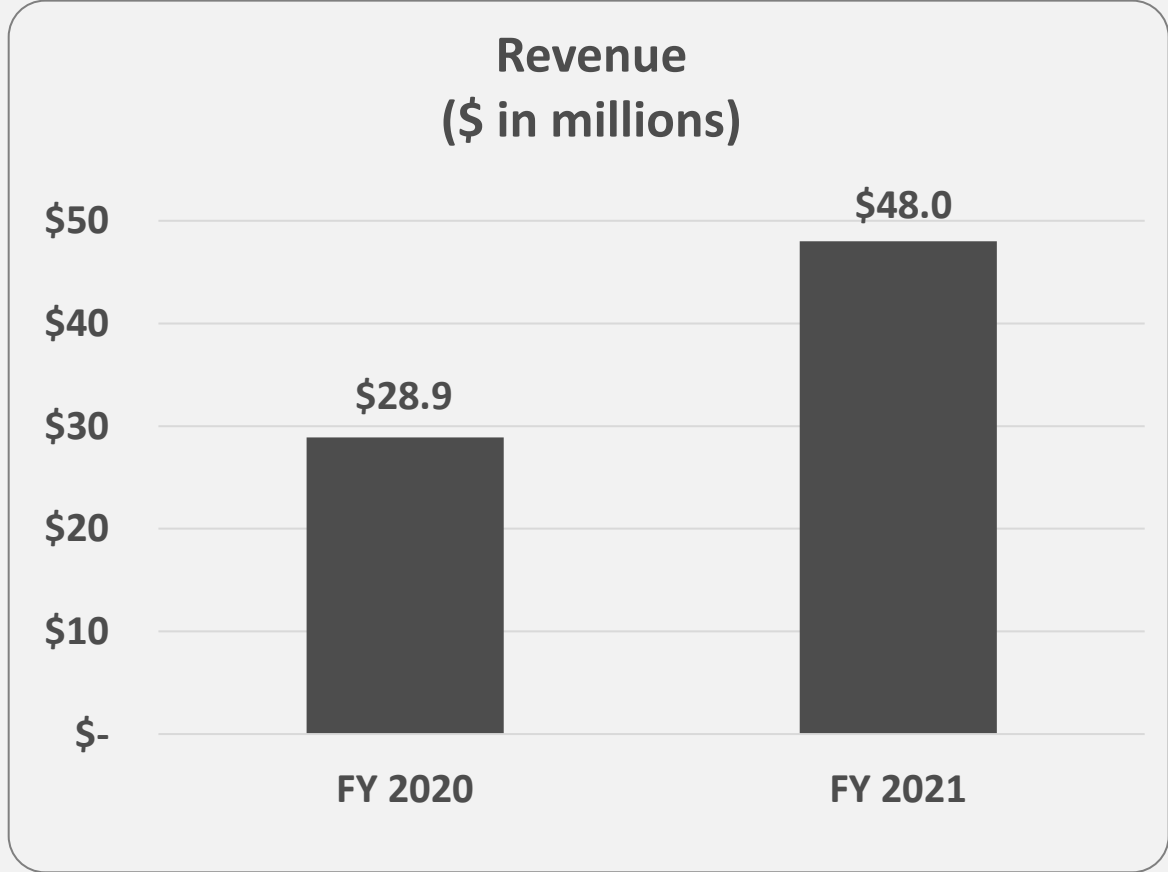
Have used excess capacity at KBS for wall panel manufacturing needs based on EdgeBuilder's expertise and experience



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

Construction: Financial Summary*

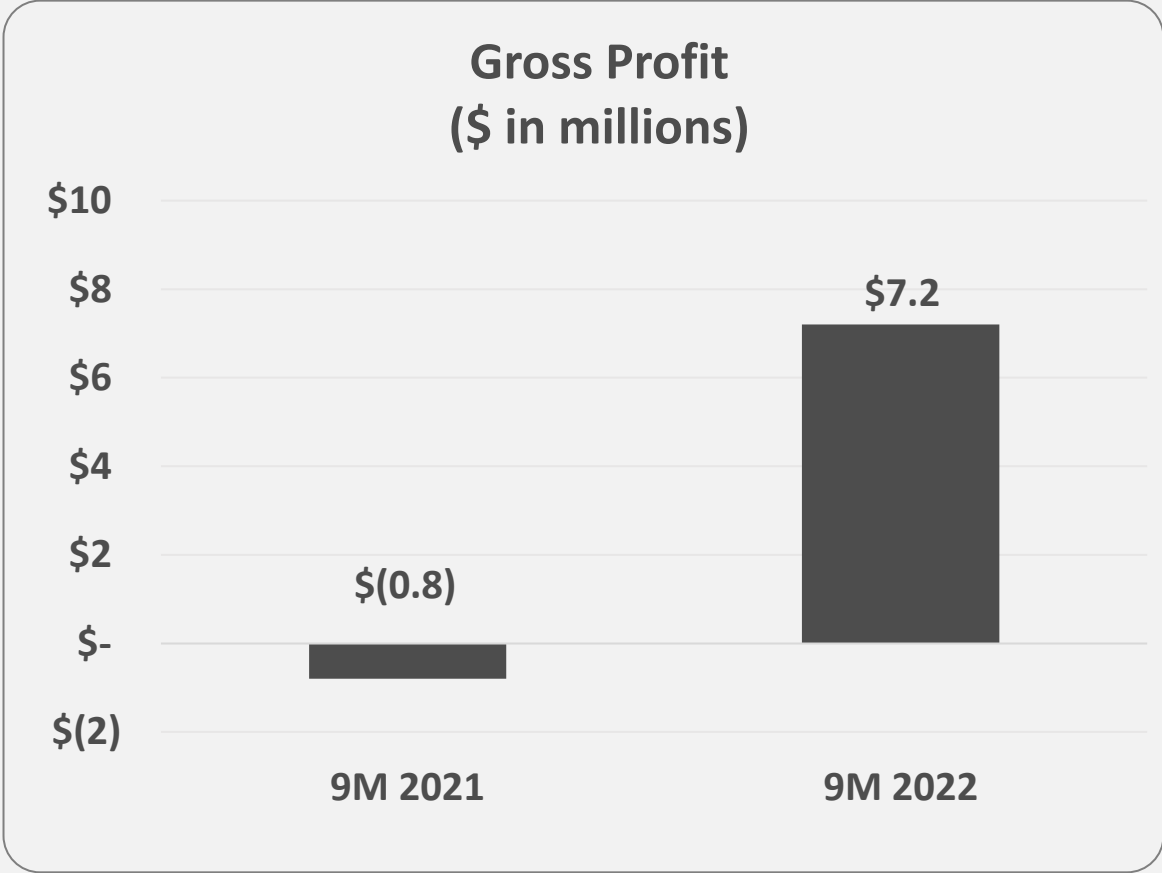
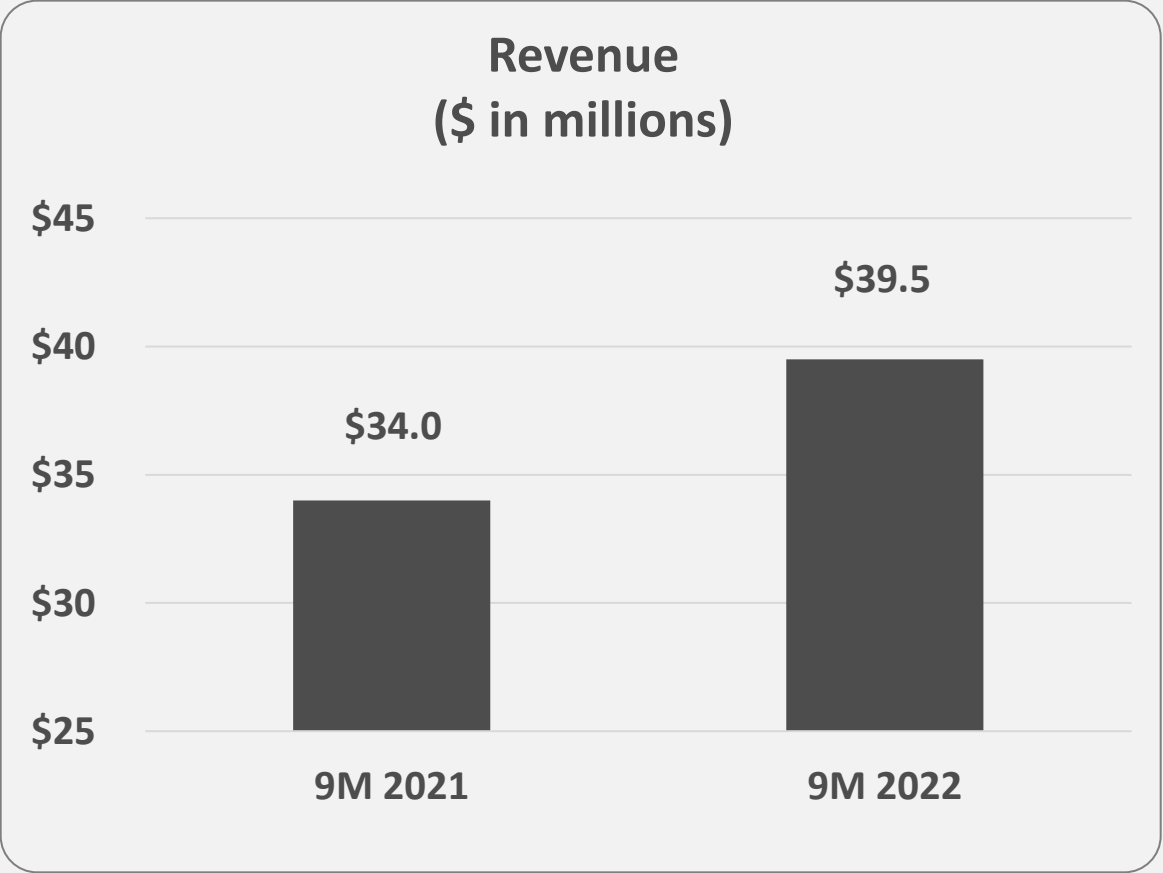
- FY 2021 Construction margins were affected by COVID-related rapid and historic rise in raw materials costs.
- Starting in early 2021, to offset these higher costs, the business significantly increased pricing, improved operations, and commodity price risk mitigation, which significantly improved gross margin in Q4 2021. Margins are expected to benefit further from these increases in 2022 with a long-term goal of exceeding 20%.



Gross Margin: FY 2020: 14.0% FY 2021: 6.3%

Construction: 9M 2022 Financial Summary

- The construction division increase was due to large commercial projects at KBS. Construction division Q3 2022 revenue accounted for 45.8% of Star Equity’s total revenue.
- Construction 9M 2022 gross profit increased from the prior year period, due to an increase in revenue during the period and significantly increased pricing levels.



Gross Margin: 9M 2021: (2.2%) 9M 2022: 18.2%



Investments

Investments

Real Estate

- Owns and manages the real estate assets of Star Equity's operating companies
- Negotiates standalone financing to optimize financial leverage and cost of capital

Investments

- Strategic investments in potential acquisition targets or JVs
- Established Star Equity Fund, an investment vehicle created to unlock shareholder value, increase returns, and improve corporate governance at its portfolio companies for strategic investments or general equity portfolio investments
- Could use activist approach in certain situations

Formed in April 2019 with two sale-leaseback transactions:

- Star Real Estate (“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



SIGNIFICANT STRATEGIC VALUE & UPSIDE POTENTIAL

- Three plants are within 15 miles of each other – the **largest known modular manufacturing footprint in New England**
 - One plant is running at full capacity, but could be expanded
 - Other two plants are idle
- Increase capacity **available to handle increased demand and entrance into new lines of business**



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
- Optimizes financial leverage and cost of capital

STRATEGIC INVESTMENTS IN POTENTIAL ACQUISITION TARGETS OR JVS



ESTABLISHED STAR EQUITY FUND, LP



- An investment fund managed by Star Equity Holdings, Inc.
- Seeks to **unlock shareholder value and improve corporate governance** at its portfolio companies which can be:
 - Potential acquisition targets for Star Equity Holdings
 - Activist investments; pushing for change to create value
 - Undervalued equity portfolio investments with attractive attributes
- Potential acquisition targets typically **underperforming businesses that could be acquired to:**
 - Become accretive bolt-ons and/or new verticals for Star Equity Holdings
 - Improve operating and financial performance
 - Eliminate duplicate public company and corporate overhead costs
 - Sell non-core assets



CURRENT ACQUISITION TARGETS

- Has accumulated significant positions in select undervalued microcap stocks that need change

Portfolio Value	
Real Estate	\$6.2 Million ⁽¹⁾
Equity Securities	\$3.2 Million ⁽²⁾
Total	\$9.4 Million

(1) Based on 2019 third-party appraisals.

(2) As of 9/30/2022.

Investment Highlights

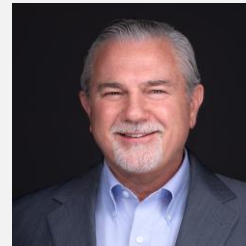
- 
- Diversified business lines with multiple revenue streams
 - Healthcare business historically has provided stable cash flow
 - Construction business has significant growth potential
 - \$106.6 million of revenue, \$15.2 million of gross profit in 2021
 - Platform for future bolt-on acquisitions & other growth opportunities
 - Experienced management team with public company track record

Corporate Management Team



JEFFREY EBERWEIN **EXECUTIVE CHAIRMAN**

- Over 25 years of Wall Street experience; Founder and CEO of Lone Star Value Management
- Portfolio Manager at Soros Fund Management and Viking Global
- CEO of Hudson Global, Inc., a global recruitment company; extensive public company board experience
- Holds an MBA from The Wharton School and a BBA from The University of Texas



RICHARD COLEMAN **CHIEF EXECUTIVE OFFICER**

- Over 30 years of executive leadership experience including as CEO of 2 other public companies
- Extensive experience in technology management, operational excellence, acquisitions, and as a public company board member
- Holds an MBA from Golden Gate University and a BS in Management from the US Air Force Academy



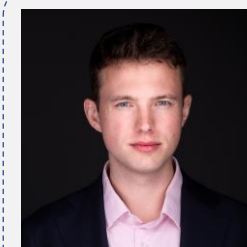
DAVID NOBLE **CHIEF FINANCIAL OFFICER**

- Joined Digirad in late 2018 after 20+ years of Wall Street experience in investment banking and capital markets; Lived and worked in NY and Asia, with extensive business travel to LatAm and Europe, prior to transitioning to the corporate sector
- 8+ years at Lehman Brothers and 12+ years at HSBC as Head of Equity Capital Markets for the Americas
- Holds an MBA in Finance from MIT's Sloan School of Management and a BA from Yale University



HANNAH BIBLE **CHIEF LEGAL OFFICER & CORPORATE SECRETARY**

- Over 20 years of combined legal and accounting experience across a variety of industries, including CFO and in-house counsel to Lone Star Value Management; VP Finance and Corporate Secretary to ATRM; legal advisor to RRMS Advisors; diplomatic advisor within the U.N. General Assembly to the Asian-African Legal Consultative Organization; and served on the board of several public companies
- Adjunct Professor within the International Tax and Financial Services program at Thomas Jefferson School of Law
- Earned an LLM in Tax from NYU School of Law, a JD from St. Thomas University School of Law, and a BBA in Accounting from Middle Tennessee State University



SHAWN MILES **VP, FINANCE & STRATEGY**

- Joined in 2016
- Previously worked as a research analyst at Lone Star Value Management; responsible for securities analysis spanning a variety of sectors and investment strategies
- Earned a master's degree in Behavioral Economics from Cornell University; holds a BS in Applied Economics & Management from Cornell University

Operating Companies Management Team



MARTY SHIRLEY
PRESIDENT
DIGIRAD HEALTH, INC.

- Appointed President effective September 2022; joined Digirad in 2006; formerly President of DHI's Services business
- Over 35 years of clinical and industrial experience in medical imaging industry
- Holds an Associates Degree in Liberal Arts from Santa Fe Community College and an Associates Degree in Nuclear Medicine Technology from Hillsborough Community College



THATCHER BUTCHER
PRESIDENT
KBS BUILDERS, INC.

- Joined KBS as President in May 2022
- Extensive construction industry experience, most recently as General Manager of the Mid Atlantic Division of Anthony Sylvan Pools in Jessup, MD and as General Manager of the Truss & Engineered Lumber Division of TW Perry in Gaithersburg, MD
- Studied Architectural Design & Building Technology at State University of New York and completed coursework in Architecture at Clemson University; also completed General Management and Leadership Development training at George Mason University



RON SCHUMACHER
EXECUTIVE CHAIRMAN
EDGEBUILDER, INC.

- Joined EBGL in 2021 as Executive Chairman with over 40 years of experience in the construction and lumber industries
- Formerly President & CEO of Consolidated Lumber Company, where he oversaw the integration of multiple bolt-on acquisitions
- Graduated from the Building Material Marketing and Management program at Minnesota West Community & Technical College



Historical Financial Data: Statements of Operations *(\$ in 000s)*

	Three Months Ended September 30	
	2022	2021
Revenues:		
Healthcare	\$ 13,137	\$ 14,807
Construction	11,107	14,052
Investments	—	—
Total revenues	24,244	28,859
Cost of revenues:		
Healthcare	10,412	11,551
Construction	7,975	13,511
Investments	58	50
Total cost of revenues	18,445	25,112
Gross profit	5,799	3,747
Operating expenses:		
Selling, general and administrative	6,860	5,201
Amortization of intangible assets	430	430
Gain on sale of MD Office Solutions	—	—
Total operating expenses	7,290	5,631
Loss from operations	(1,491)	(1,884)
Other income (expense):		
Other income (expense), net	(575)	3
Interest expense, net	(185)	(260)
Total other income (expense)	(760)	(257)
Income (loss) from continuing operations before income taxes	(2,251)	(2,141)
Income tax benefit (provision)	367	—
Income (loss) from continuing operations, net of tax	(1,884)	(2,141)
Income (loss) from discontinued operations, net of tax	—	—
Net income (loss)	(1,884)	(2,141)
Deemed dividend on Series A perpetual preferred stock	(479)	(479)
Net income (loss) attributable to common shareholders	\$ (2,363)	\$ (2,620)
Net income (loss) per share—basic and diluted		
Net income (loss) per share, continuing operations	\$ (0.12)	\$ (0.42)
Net income (loss) per share, discontinued operations	\$ —	\$ —
Net income (loss) per share—basic and diluted	\$ (0.12)	\$ (0.42)
Deemed dividend on Series A cumulative perpetual preferred stock per share	\$ (0.03)	\$ (0.09)
Net income (loss) per share, attributable to common shareholders—basic and diluted	\$ (0.15)	\$ (0.51)
Weighted-average shares outstanding—basic and diluted	15,434	5,101
Dividends declared per Series A perpetual preferred stock	\$ 0.25	\$ 0.25

Historical Financial Data – Balance Sheets *(\$ in 000s)*

	September 30, 2022 (unaudited)	December 31, 2021
Assets:		
Current assets:		
Cash and cash equivalents	\$ 8,503	\$ 4,538
Restricted cash	846	278
Investments	3,180	47
Lumber Derivative Contracts	—	666
Accounts receivable, net of allowances of \$1.0 million and \$0.8 million, respectively	13,754	15,811
Inventories, net	13,065	8,525
Other current assets	3,069	1,998
Total current assets	42,417	31,863
Property and equipment, net	8,499	8,918
Operating lease right-of-use assets, net	4,823	4,494
Intangible assets, net	13,782	15,072
Goodwill	6,046	6,046
Other assets	1,408	1,659
Total assets	\$ 76,975	\$ 68,052
Liabilities, Mezzanine Equity and Stockholders' Equity:		
Current liabilities:		
Accounts payable	\$ 6,094	\$ 4,277
Accrued liabilities	4,307	2,445
Accrued compensation	3,395	3,051
Accrued warranty	247	569
Lumber Derivative Contracts	635	—
Billings in excess of costs and estimated profit	—	312
Deferred revenue	3,801	2,457
Short-term debt	11,852	12,869
Operating lease liabilities	1,443	1,253
Finance lease liabilities	460	588
Total current liabilities	32,234	27,821
Deferred tax liabilities	298	72
Operating lease liabilities, net of current portion	3,463	3,299
Finance lease liabilities, net of current portion	459	706
Other liabilities	312	412
Total liabilities	36,766	32,310
Preferred stock, \$0.0001 par value: 10,000,000 shares authorized: Series A Preferred Stock, 8,000,000 shares authorized, liquidation preference (\$10.00 per share), 1,915,637 shares issued and outstanding at December 31, 2021. (Liquidation preference: \$18,988,390 as of December 31, 2021.)	—	18,988
Stockholders' equity:		
Preferred stock, \$0.0001 par value: 10,000,000 shares authorized: Series A Preferred Stock, 8,000,000 shares authorized, liquidation preference (\$10.00 per share), 1,915,637 shares issued and outstanding at September 30, 2022. (Liquidation preference: \$18,988,390 as of September 30, 2022.)	18,988	—
Common stock, \$0.0001 par value: 30,000,000 shares authorized; 15,138,732 and 5,805,916 shares issued and outstanding (net of treasury shares) at September 30, 2022 and December 31, 2021, respectively	1	
Treasury stock, at cost; 258,849 shares at September 30, 2022 and December 31, 2021, respectively	(5,728)	(5,728)
Additional paid-in capital	162,078	150,451
Accumulated deficit	(135,130)	(127,969)
Total stockholders' equity	40,209	16,754
Total liabilities, mezzanine equity and stockholders' equity	\$ 76,975	\$ 68,052

Reconciliation of Net Income to Adjusted EBITDA *(\$ in 000s)*

For The Three Months Ended September 30, 2022

	Healthcare	Construction	Investments	Star Equity Corporate	Total
Net income (loss) from continuing operations ⁽¹⁰⁾	\$ (598)	\$ 975	\$ (561)	\$ (1,700)	\$ (1,884)
Depreciation and amortization	330	489	58	—	877
Interest expense	117	77	(9)	—	185
Income tax (benefit) provision	(367)	—	—	—	(367)
EBITDA from continuing operations	(518)	1,541	(512)	(1,700)	(1,189)
Unrealized loss (gain) on equity securities ⁽¹⁾	—	—	834	—	834
Unrealized loss (gain) on derivatives ⁽²⁾	—	153	—	—	153
Litigation costs ⁽³⁾	1,187	—	—	—	1,187
Stock-based compensation	1	6	—	99	106
Severance and retention ⁽⁹⁾	272	—	—	3	275
Financing costs ⁽⁶⁾	17	98	17	—	132
Non-GAAP adjusted EBITDA from continuing operations	\$ 959	\$ 1,798	\$ 339	\$ (1,598)	\$ 1,498

(1) Reflects adjustments for any unrealized gains or losses on equity securities.

(2) Reflects adjustments for any unrealized gains or losses in derivatives value.

(3) Reflects one time litigation costs.

(4) Reflects the gain from the sale of MDOS.

(5) Reflects one-time write off in uncollectible tenant receivable.

(6) Reflects financing costs from our credit facilities.

For The Three Months Ended September 30, 2021

	Healthcare	Construction	Investments	Star Equity Corporate	Total
Net income (loss) from continuing operations ⁽¹⁰⁾	\$ 853	\$ (1,338)	\$ (155)	\$ (1,501)	\$ (2,141)
Depreciation and amortization	321	489	50	—	860
Interest expense	74	100	86	—	260
Income tax (benefit) provision	—	—	—	—	—
EBITDA from continuing operations	1,248	(749)	(19)	(1,501)	(1,021)
Unrealized loss (gain) on equity securities ⁽¹⁾	—	—	(30)	27	(3)
Unrealized loss (gain) on derivatives ⁽²⁾	—	95	—	—	95
Litigation costs ⁽³⁾	—	—	—	88	88
Stock-based compensation	6	3	—	118	127
Financing costs ⁽⁶⁾	13	39	—	—	52
COVID-19 Protection Equipment ⁽⁷⁾	23	—	—	—	23
Non-GAAP adjusted EBITDA from continuing operations	\$ 1,290	\$ (612)	\$ (49)	\$ (1,268)	\$ (639)

(7) Reflects purchases related to COVID-19 personal protection equipment.

(8) Reflects the forgiveness of the Paycheck Protection Program.

(9) Reflects the severance and retention expense for our former Healthcare division CEO and other employees.

(10) Reflects the reclassification of prior year Diagnostic Services and Diagnostic Imaging net income into Healthcare segment and intercompany elimination from Construction and Investments segments.

Supplemental Debt Information (\$ in 000s)

	September 30, 2022		December 31, 2021	
	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
Revolving Credit Facility - eCapital KBS	\$ 909	9.00%	\$ 3,131	6.00%
Revolving Credit Facility - eCapital EBGL	2,595	9.00%	1,652	6.00%
Revolving Credit Facility - Webster	7,484	5.64%	7,016	2.60%
Total Short-term Revolving Credit Facilities	\$ 10,988	6.71%	\$ 11,799	3.98%
eCapital - Star Loan Principal, net	\$ 864	9.25%	\$ 1,070	6.25%
Short Term Loan	\$ 864	9.25%	\$ 1,070	6.25%
Total Short-term debt	\$ 11,852	6.90%	\$ 12,869	4.17%

Capitalization Table

Fully Diluted Capital Structure			
<i>(in thousands except price per share)</i>	Shares	Price	Market Value
Common Shares ¹	15,139	\$ 1.01	\$ 15,290
Warrants (May 2020) ²	702	\$ -	\$ -
Warrants (January 2022) ³	10,925	\$ -	\$ -
10% Series A Preferred ⁴	1,916	\$ 10.00	\$ 19,156
Net Debt/(Cash) ⁵			\$ 2,503
Enterprise Value			\$ 36,949
(Investments) ⁶		\$	(3,180)
Enterprise Value less Investments		\$	33,769

¹ Price based on December 2, 2022 closing market price.
Share count as of November 7, 2022.

² In terms of share equivalents. Expire May 28, 2025. Strike price of \$2.25 per share.
Price is the difference between the 12/2/22 closing common stock price and the strike price.

³ In terms of share equivalents. Expire Jan 24, 2027. Strike price of \$1.50 per share.
Price is the difference between the 12/2/22 closing common stock price and the strike price.

⁴ Preferred stock shown at liquidation preference of \$10/share.

⁵ Reference debt schedule below.

⁶ Investments in equity securities balance as of September 30, 2022.

September 30, 2022 Net Debt Schedule		
<i>(\$ in thousands)</i>	Amount	Rate
Sub-Level Debt:		
Digirad Health	\$ 7,484	5.64%
KBS	\$ 909	9.00%
EBGL	\$ 2,595	9.00%
Star Real Estate	\$ 864	9.25%
Corporate-Level Debt	\$ -	-
Total Debt ⁷	\$ 11,852	6.90% ⁸
Cash ⁹	\$ (9,349)	
Net Debt/(Cash)	\$ 2,503	
(Investments) ¹⁰	\$ (3,180)	
Net Debt/(Cash + Investments)	\$ (677)	

⁷ Debt balances as of September 30, 2022.

⁸ Weighted average cost of debt.

⁹ Cash balance as of September 30, 2022 and includes \$0.8M of restricted cash.

¹⁰ Investments in equity securities balance as of September 30, 2022.

Other Publicly-Traded Holding Companies

Small Cap:	Ticker	Market Cap ⁽¹⁾	Business Highlights
BitNile Holdings Inc.	NILE	41	<ul style="list-style-type: none"> Defense and aerospace Financial services
Elah Holdings Inc.	ELLH	47	<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	57	<ul style="list-style-type: none"> Aerospace manufacturing Marketing technology Metal, silicone, and hydraulic hoses Air handling and energy efficient solutions
Great Elm Group Inc.	GEG	60	<ul style="list-style-type: none"> Durable medical equipment Investment management and Real estate
ALJ Regional Holdings Inc.	ALJJ	73	<ul style="list-style-type: none"> Business process outsourcing services
INNOVATE Corp.	VATE	107	<ul style="list-style-type: none"> Infrastructure Life sciences Broadcasting
BBX Capital Corp	BBXIA	112	<ul style="list-style-type: none"> Vacation ownership interests Real estate Chocolate and confectionary products
Aimia Inc.	AIMFF	214	<ul style="list-style-type: none"> Holding Company Communications Services
SWK Holdings Corp	SWKH	247	<ul style="list-style-type: none"> Financial services for life science companies, including royalty-related financing
Boston Omaha Corp ⁽²⁾	BOC	788	<ul style="list-style-type: none"> Insurance services Outdoor advertising services
Steel Partners Holdings LP ^{(2),(3)}	SPLP	928	<ul style="list-style-type: none"> Diversified industrial manufacturing Oil drilling and production services Financial services
B. Riley Financial Inc.	RILY	1,283	<ul style="list-style-type: none"> Financial services Internet access and related subscription services Telecom and VOIP services
Compass Diversified Holdings	CODI	1,285	<ul style="list-style-type: none"> Consumer goods manufacturing Environmental services

(1) Based on data as of 12/8/22 - \$ in millions. (2) Incentive fees paid to management teams. (3) SPLP is a publicly-traded partnership as opposed to a C-corp structure.



Jeff Eberwein

Executive Chairman

Rick Coleman

CEO

David Noble

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