

A Diversified Holding Company with a Private Equity Strategy

Investment Highlights

Common Stock (Nasdaq: STRR):
Stock Price ⁽¹⁾: \$0.99
 15.8 million shares outstanding ⁽²⁾

Series A Preferred Stock (Nasdaq: STRRP):
Stock Price ⁽¹⁾: \$9.50
 1.92 million shares outstanding ⁽²⁾
 10% annual cash dividend

(1) 11/17/23 closing price. (2) 11/3/23 share count.

- Diversified holding company with two divisions
- Operating divisions led by local management. Corporate HQ functions like a private equity firm and manages Investments division
- Q3 cash & cash equivalents less debt of \$20.7 million; well-positioned to pursue acquisitions
- Tax-efficient Series A 10% Preferred Stock (non-convertible) issued Sept. 2019 in an acquisition

Financial Highlights

\$49.3M

LTM Revenue ⁽⁴⁾

\$14.2M

LTM Gross Profit ⁽⁴⁾

\$20.7M ⁽⁵⁾

Cash Balance

\$25.0M ⁽⁶⁾

Investments

⁽⁴⁾ Last twelve months ("LTM") financials are as of September 30, 2023, and do not include the discontinued operations of Digirad Health, Inc.

⁽⁵⁾ As of September 30, 2023.

⁽⁶⁾ As of September 30, 2023, public investments portfolio value was \$4.3M.

Star Equity currently has two divisions ⁽³⁾:

Construction		Investments		
KBS	EBGL	Real Estate	Public Investments	Private Investments
Maine / New England <ul style="list-style-type: none"> • Designs and manufactures modular housing units for commercial and residential projects 	Minneapolis-St Paul Area <ul style="list-style-type: none"> • Designs and manufactures wall panels and engineered wood products • Distributes building materials and operates a lumber yard and showroom 	<ul style="list-style-type: none"> • Owns, manages, and finances operating company real estate assets 	<ul style="list-style-type: none"> • Star Equity Fund manages public equity portfolio • Strategic investments in undervalued public companies, potential acquisitions or JVs 	<ul style="list-style-type: none"> • Holds private company debt and equity interests • Strategic investments in potential acquisitions or JVs

⁽³⁾ Effective May 4, 2023, Star Equity sold its Healthcare division for \$40 million.

Differentiated Corporate Strategy and Structure

Corporate HQ

Similar to Private Equity with Key Distinctions

- 1 | Looking for accretive bolt-ons and new verticals
- 2 | Able to pursue both private and public acquisition targets, sometimes through activism ⁽⁷⁾
- 3 | Flexible deal structuring given ability to use mix of cash, debt, common, preferred
- 4 | Open-ended investment time horizon allows for flexible holding periods
- 5 | Long-term partnership approach rather than short-term transactional mentality
- 6 | Star Equity shareholders do not pay any fees and have public market liquidity

Functions like a private equity firm and is responsible for:

- Oversight of Operating Management Teams
- Capital Allocation
- Strategic Leadership
- Restructurings & Turnarounds
- M&A
- Bank Relationships
- Capital Markets
- Investor Relations
- Financial Reporting, FP&A
- Compliance & Legal
- Management of investments

⁽⁷⁾ Public activism efforts are not always in pursuit of acquisition.

Case Study: Construction Division

→ Improved operating performance & strong growth has unlocked value

September 2019

November 2023

Long-Term Goal



- Approx. 145k sq. ft. of production capacity / two facilities
- Primarily in single-family residential housing market

- Approx. 175k sq. ft. of production capacity / two facilities
- Expanded into new markets with a sales pipeline of approximately \$50 million

- Mid-teens annual organic growth
- Reputation for quality and reliability



- Profitability hampered by swings in commodity prices and sub-optimal contract language

- Improved operational efficiencies and risk mitigation
- Stronger market presence and reputation following acquisition of Big Lake Lumber, Inc.

- High single-digit annual organic growth
- Reputation for quality and reliability



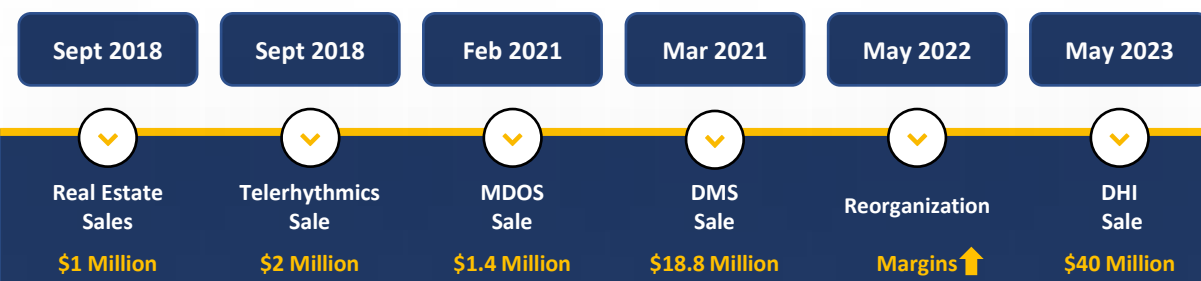
FY 2020		FY 2021		FY 2022	
Revenue	\$28.9M	Revenue	\$48.0M	Revenue	\$57.1M
Gross Profit	\$4.1M	Gross Profit	\$3.0M*	Gross Profit	\$12.7M
Adj. EBITDA	\$0.7M	Adj. EBITDA	\$(2.7)M*	Adj. EBITDA	\$6.3M

Construction division significantly more valuable today than its 2019 purchase price

* FY 2021 Construction margins were affected by COVID-related raw materials price increases.

Case Study: Healthcare Division

→ \$63.2 million of value realized through portfolio optimization



Over 5 years, Star Equity streamlined its Healthcare division through non-core asset sales and improved performance, culminating in the \$40 million sale of Digirad Health in May 2023 despite STRR market cap being \$10 million at the time

Contacts

Star Equity Holdings
Rick Coleman, CEO
admin@starequity.com

Investor Relations
Lena Cati, The Equity Group Inc.
212-836-9611 / lcati@equityny.com

Star Equity Acquisition Strategy

Targets: public or private companies

- Market cap of \$5-50M and more valuable inside Star Equity
- Assets, earnings, and cash flows (no start-ups or VC situations)
- SG&A and public company cost reduction opportunities
- Opportunities for improved operating and financial performance
- Bolt-ons for existing platform businesses or create new divisions
- Businesses with growth potential and strong operating teams

Investments Division

Three asset classes: Real Estate, Public, and Private Investments

Real Estate:

- Formed in April 2019 with two sale-leaseback transactions
- Owns, manages, and finances operating company real estate assets

Real Estate Portfolio Value

3 Factories | \$6.35 Million ⁽¹⁾⁽²⁾

(1) Based on 2019 third-party appraisals and includes purchase price paid for Big Lake Lumber real estate; (2) Value estimated by sale leaseback advisor to be around \$15.0M.

Public Investments:

- Strategic investments including potential acquisition targets or JVs
- Seeks to unlock shareholder value and improve corporate governance at its portfolio companies

Public Investments Portfolio Value

Public Equities | \$4.3 Million ⁽²⁾

(2) As of 9/30/2023 based on price at close.

Private Investments:

- Private company debt and equity interests shown below:

Private Investments Portfolio Value

TTG Note	\$7.0 Million
TTG Equity	\$6.0 Million
MDOS Note	\$1.3 Million
Total	\$14.3 Million