

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

STAR EQUITY HOLDINGS, INC.

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SIC: **3845** Electromedical & electrotherapeutic apparatus

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**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: March 31, 2021
(Date of earliest event reported)

STAR EQUITY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

<u>Delaware</u>	<u>001-35947</u>	<u>33-0145723</u>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

53 Forest Ave. Suite 101,
Old Greenwich, CT, 06870
(Address of principal executive offices, including zip code)

203-489-9500
(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	STRR	NASDAQ Global Market
Series A Cumulative Perpetual Preferred Stock, par value \$0.0001 per share	STRRP	NASDAQ Global market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 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.

Introductory Note

As previously disclosed in the Current Report on Form 8-K filed with the Securities and Exchange Commission by Star Equity Holdings, Inc. (the “Company”) on November 3, 2020, the Company entered into a Stock Purchase Agreement (the “Purchase Agreement”), dated as of October 30, 2020, by and among the Company, Project Rendezvous Acquisition Corporation, a Delaware corporation and wholly owned subsidiary of the Company (“Seller”), DMS Health Technologies, Inc., a North Dakota corporation and wholly owned subsidiary of Seller (“DMS Health”), and Knob Creek Acquisition Corp., a Tennessee corporation (“Buyer”). Pursuant to the Purchase Agreement, Buyer agreed, subject to the satisfaction or waiver of certain conditions, to purchase all of the issued and outstanding common stock of DMS Health from Seller for a purchase price of \$18.75 Million in cash (the “Purchase Price”), subject to certain adjustments. As previously disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, the Company, Seller, DMS Health and Buyer entered into an Amendment to Stock Purchase Agreement on March 26, 2021, that amended the Purchase Agreement in order to, among other things, (i) eliminate the requirement that a portion of the purchase price be held in escrow upon closing, and (ii) eliminate the requirement for a purchase price adjustment at closing based on cash and net working capital. On March 31, 2021, the Company completed the sale of DMS Health.

Item 1.01. Entry into a Material Definitive Agreement.

On March 31, 2021, in connection with completing the sale of DMS Health, as discussed in the Introductory Note above, which is incorporated herein by reference, the Company, certain subsidiaries of the Company, and Sterling National Bank (“Sterling”) entered into a Second Amendment to Loan and Security Agreement, Consent and Release (the “Second Amendment”) that amended that certain Loan and Security Agreement, dated March 29, 2019 (the “Loan Agreement”) by and among the Company, certain subsidiaries of the Company, and Sterling National Bank. The Second Amendment, among other things removed DMS Health and its subsidiaries as borrowers under the Loan Agreement.

The foregoing description of the Second Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Second Amendment filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated into this Item 1.01 by reference.

Item 7.01. Regulation FD Disclosure

On April 1, 2021, the Company issued a press release announcing that it had completed the sale of DMS Health. A copy of the press release is furnished as Exhibit 99.1 attached to this Form 8-K and incorporated into this Item 7.01 by reference.

The information furnished by the Company pursuant to this item, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any Company filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits.

Exhibit Number	Description
99.1	Press Release, dated April 1, 2021.
10.1	Second Amendment to Loan and Security Agreement, Consent and Release, dated March 31, 2021, by and among Digirad Health, Inc., Digirad Imaging Solutions, Inc., DMS Health Technologies, Inc., DMS Imaging, Inc., DMS Health Technologies-Canada, Inc., Project Rendezvous Holding Corporation, Project Rendezvous Acquisition Corporation, Digirad Diagnostic Imaging, Inc., Star Equity Holdings, Inc., and Sterling National Bank.

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.

STAR EQUITY HOLDINGS, INC.

By: /s/ Jeffrey E. Eberwein

Jeffrey E. Eberwein
Executive Chairman

Date: April 1, 2021

**SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT,
CONSENT AND RELEASE**

THIS SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT, CONSENT AND RELEASE (this "Amendment") is executed and entered into as of March 31, 2021 (the "Effective Date"), by and among (a) DIGIRAD HEALTH, INC., a Delaware corporation ("Digirad Health"), DIGIRAD IMAGING SOLUTIONS, INC., a Delaware corporation ("Digirad Imaging"), DMS HEALTH TECHNOLOGIES, INC., a North Dakota corporation ("DMS Health"), DMS IMAGING, INC., a North Dakota corporation ("DMS Imaging"), DMS HEALTH TECHNOLOGIES-CANADA, INC., a North Dakota corporation ("DMS Health Canada"), PROJECT RENDEZVOUS HOLDING CORPORATION, a Delaware corporation ("PR Holding"), PROJECT RENDEZVOUS ACQUISITION CORPORATION, a Delaware corporation ("PR Acquisition"), and DIGIRAD DIAGNOSTIC IMAGING, INC., a Delaware corporation ("Digirad Diagnostic Imaging"), and together with Digirad Health, Digirad Imaging, DMS Health, DMS Imaging, DMS Health Canada, PR Holding, and PR Acquisition, collectively, the "Borrowers" and each a "Borrower"), (b) STAR EQUITY HOLDINGS, INC. (formerly known as Digirad Corporation), a Delaware corporation ("Digirad"), as Guarantor, and (c) STERLING NATIONAL BANK, a national banking association (together with its successors and permitted assigns, the "Lender").

WITNESSETH:

WHEREAS, the Borrowers, Guarantor, and Lender entered into that certain Loan and Security Agreement dated as of March 29, 2019 (as heretofore amended, supplemented or otherwise modified, the "Original Loan Agreement"), and as amended hereby and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), for the purposes and consideration therein expressed;

WHEREAS, Digirad, PR Acquisition, and DMS Health have entered into that certain Stock Purchase Agreement dated as of October 30, 2020 (the "Purchase Agreement"), with Knob Creek Acquisition Corp., a Tennessee corporation ("Buyer"), pursuant to which PR Acquisition has agreed to sell, and Buyer has agreed to purchase, all of the issued and outstanding shares of Class A Common Stock, \$0.50 par value per share, and Class B Common Stock, \$0.50 par value per share, of DMS Health (collectively, the "Shares") for a purchase price of \$18,750,000 payable in cash on the closing date of such sale (the "Sale"); and

WHEREAS, the Borrowers and Guarantor have requested Lender to consent to the Sale and amend certain provisions of the Original Loan Agreement, in each case pursuant to the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Loan Agreement, in consideration of the loans which may hereafter be made by the Lenders to Borrowers, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Article I

DEFINITIONS AND REFERENCES

Section 1.1. Terms Defined in the Original Loan Agreement

Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Loan Agreement shall have the same meanings whenever used in this Amendment.

Article II

AMENDMENTS TO ORIGINAL LOAN AGREEMENT

Section 2.1. New Definitions

The following defined terms are hereby added to Section 1.1 of the Original Loan Agreement in the proper alphabetical order:

“DMS Entities” means DMS Health and its Subsidiaries DMS Imaging and DMS Health Canada.

“Second Amendment” means that certain Second Amendment to Loan and Security Agreement among the Borrowers, Guarantor, and Lender dated as of the Second Amendment Closing Date.

“SecondAmendment Closing Date” means March 31, 2021.

Section 2.2. Restated Definitions. As of the Effective Date, upon satisfaction in full of the conditions precedent set forth in Article IV hereof, the terms “Borrowers” and “Credit Parties” shall no longer include the DMS Entities; provided, however, that the terms “Borrowers” and “Credit Parties” as used in this Amendment shall include the DMS Entities. Accordingly, the term “Borrowers” set forth in Section 1.1 of the Original Loan Agreement is hereby amended and restated as follows:

“Borrowers” means, collectively, Digirad Health, Digirad Imaging, PR Holding, PR Acquisition, Digirad Diagnostic Imaging, Inc., and each other Person who becomes a Borrower hereunder in accordance with the terms of Section 8.16, whether now or hereafter existing, and their successors and assigns; provided, however, that the term “Borrowers” as used in the Second Amendment shall also include the DMS Entities.

Section 2.3. Schedules. The Schedules to the Original Loan Agreement are hereby amended and restated in their respective entireties as set forth on the Schedules hereto.

Article III

CONSENT; RELEASE; FEES, COSTS AND EXPENSES

Section 3.1. Consent.

Subject to satisfaction in full of the conditions precedent set forth in Article IV hereof, and in reliance on the representations set forth in Article V hereof, the Lender hereby consents to the Sale pursuant to the Purchase Agreement to the extent such Sale would otherwise violate the covenants set forth in Section 9.8 of the Loan Agreement. The foregoing consent is a limited consent and shall not be deemed to constitute a consent with respect to any other current or future departure from the requirements of any provision of the Loan Agreement or any other Loan Documents. The Credit Parties and Guarantor hereby agree that, except as expressly set forth in this Article III, nothing in this Amendment, or the performance by the parties of their respective obligations hereunder, constitutes or shall be deemed to constitute a waiver of any Default or Event of Default or any of the rights or remedies of the Lender under the terms of the Loan Agreement, any other Loan Document or Applicable Law, all of which are hereby reserved. Nothing herein shall be implied or construed to modify the terms of the Loan Documents except as expressly provided herein or to obligate the Lender to grant any further waivers, consents or enter into any additional amendments or modifications of the Loan Agreement or any other Loan Document.

Section 3.2. No Other Waiver or Course of Dealing.

Credit Parties and Guarantor hereby acknowledge and agree that irrespective of (i) the amendments and consent granted herein, (ii) any amendments, consents, waivers or forbearances previously granted by the Lender regarding the Loan Documents; (iii) any previous failures or delays of the Lender in exercising any right, power or privilege under the Loan Documents or the Lender's making of any Loans or other extensions of credit during any period of the existence of a Default or an Event of Default; or (iv) any previous failures or delays of the Lender in the monitoring or in the requiring of compliance by Credit Parties and Guarantor with the duties, obligations and agreements of Credit Parties and Guarantor, respectively, under the Loan Documents, hereafter each Credit Party and Guarantor will be expected to comply strictly with its duties, obligations and agreements applicable to it under the Loan Documents (including any amendments, consents, waivers or forbearances previously expressly granted in writing). Further, the amendments, consents, waivers, forbearances, failures, delays, Loans and extensions of credit described in the foregoing clauses (i) through (iv) shall not constitute a waiver of any past, present or future violation, Default or Event of Default of any Credit Party, Guarantor or any other Person under the Loan Documents, except for the amendments, consents and waivers expressly provided for in this Amendment and shall not directly or indirectly in any way whatsoever either: (a) impair, prejudice or otherwise adversely affect the Lender's right at any time to exercise any right, privilege or remedy in connection with the Loan Documents or any other contract or instrument; or (b) amend or alter any provision of the Loan Documents or any other contract or instrument; or (c) constitute any course of dealing or other basis for altering any obligation of any Credit Party, Guarantor or any other Person or any right, privilege or remedy of the Lender under the Loan Documents or any other contract or instrument; or (d) constitute any consent by the Lender to any prior, existing or future violations of the Loan Documents.

Section 3.3. Partial Release. Upon the satisfaction in full of the conditions precedent set forth in Article IV hereof, (a) each of the DMS Entities shall no longer be parties to the Loan Agreement, (b) Lender shall release and hereby releases (i) each of the DMS Entities from all of their respective obligations and liabilities under the Loan Agreement and the other Loan Documents, (ii) all Liens in any and all Collateral owned by the DMS Entities, or any of them (the “DMS Assets”), and (iii) all Liens in any and all Equity Interests in the DMS Entities, or any of them (the “DMS Equity Interests”, and together with the DMS Assets, the “Released Property”), and (c) Lender agrees that, at Credit Parties’ sole cost and expense, Lender will deliver to Buyer the original stock certificates in its possession representing the DMS Equity Interests. The parties hereto acknowledge and agree that Lender is not releasing its security interest or Liens in any Collateral other than the Released Property, and such security interest and Liens in other Collateral granted pursuant to the Loan Agreement and other Loan Documents shall continue in full force and effect.

Section 3.4. Fees, Costs and Expenses.

Credit Parties and Guarantor hereby reaffirm their agreement under the Loan Agreement to pay or reimburse the Lender on demand for all costs and expenses incurred by the Lender in connection with the Loan Documents, including without limitation all reasonable fees and disbursements of the Lender’s legal counsel. Without limiting the generality of the foregoing, Credit Parties and Guarantor specifically agree to pay all fees and disbursements of counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto. Credit Parties and Guarantor hereby agree that the Lender may, at any time or from time to time in its sole discretion and without further authorization by any Credit Party or Guarantor, make one or more Revolving Loans to Borrowers under the Loan Agreement, or apply the proceeds of any Revolving Loan, for the purpose of paying such fees, disbursements, costs and expenses in connection with this Amendment.

Article IV

CONDITIONS OF EFFECTIVENESS

Section 4.1. Effective Date

This Amendment and the amendments, consents and partial release granted herein shall become effective as of the Effective Date once the following conditions precedent have been satisfied in full:

(a) Lender shall have received, at Lender’s office, a duly executed counterpart of this Amendment, executed by the Credit Parties and Guarantor;

(b) Lender shall have received payment, in immediately available funds, of an amount sufficient to pay down the outstanding principal balance of the Revolving Loans to an aggregate amount not to exceed \$7,000,000;

(c) Borrower Representative shall have executed and delivered to Lender a Borrowing Base Certificate showing calculation of the Borrowing Base excluding the Collateral owned by the DMS Entities;

(d) Lender shall have received (i) true, correct and complete copies of the Purchase Agreement, any and all amendments and modifications thereto, and any and all related documents, and (ii) evidence that all conditions to the closing of the Sale have been satisfied in full and that such closing shall occur concurrently with the effectiveness of this Amendment.

(e) Any and all Debt or other obligations of the DMS Entities, or any of them, to any other Credit Party or Guarantor or of any Credit Party (other than the DMS Entities) or Guarantor to the DMS Entities, or any of them, shall have been paid in full;

(f) After giving effect to the Sale, each Credit Party shall be Solvent;

(g) After giving effect to the Sale and the paydown of the Revolving Loans required by this Amendment, the sum of (i) the unpaid principal balance of the Revolving Loans plus (ii) the existing LC Obligations shall not exceed the Borrowing Base excluding the property owned by the DMS Entities;

(h) Lender shall have received, in form and substance satisfactory to Lender, such other documents, instruments and certificates as Lender may reasonably require in connection with the transactions contemplated hereby;

(i) Borrowers shall have paid all reasonable out-of-pocket expenses of the Lender, including reasonable fees and expenses billed to date of Lender's outside legal counsel incurred in connection with the preparation, negotiation, execution and delivery of this Amendment and the transactions contemplated hereby;

(j) The representations and warranties contained herein and in the Loan Agreement and other Loan Documents shall be true and correct on and as of the Second Amendment Closing Date, as though such representations and warranties are made on and as of such date (except to the extent any such representations and warranties relate solely to an earlier date); and

(k) No Default or Event of Default shall have occurred and be continuing.

Article V

REPRESENTATIONS AND WARRANTIES

Section 5.1. Representations, Warranties and Additional Covenants of Credit Parties

and Guarantor. In order to induce the Lender to enter into this Amendment, each Credit Party and Guarantor represents and warrants to the Lender that:

(a) The representations and warranties contained in the Loan Agreement are true and correct in all material respects at and as of the time of the effectiveness hereof; provided, however, those representations and warranties containing a reference to a particular date shall continue to be qualified by reference to such date.

(b) Each Credit Party and Guarantor is duly authorized to execute and deliver this Amendment and is and will continue to be duly authorized to perform its obligations under the Loan Agreement and the other Loan Documents to which it is a party. Each Credit Party and Guarantor has duly taken all limited liability company or corporate (as applicable) action necessary to authorize the execution and delivery of this Amendment and to authorize the performance of the obligations of such Credit Party or Guarantor hereunder. The Borrowers (other than the DMS Entities) are and will continue to be authorized to borrow under the Loan Agreement.

(c) The execution and delivery by each Credit Party and Guarantor of this Amendment, the performance by such Credit Party and Guarantor of its obligations hereunder and the consummation of the transactions contemplated hereby do not and will not conflict with any provision of Applicable Law, or of the certificate of formation or incorporation, bylaws, operating agreement or other charter documents of such Credit Party or Guarantor, or of any material agreement, judgment, license, order or permit applicable to or binding upon such Credit Party or Guarantor, or result in the creation of any Lien upon any assets or properties of such Credit Party or Guarantor. Except for those which have been duly obtained and are in full force and effect, no consent, approval, authorization or order of any court or governmental authority or third party is required in connection with the execution and delivery by any Credit Party or Guarantor of this Amendment or to consummate the transactions contemplated hereby.

(d) When duly executed and delivered, this Amendment will be a legal and binding instrument and agreement of each Credit Party and Guarantor, enforceable against such Credit Party and Guarantor in accordance with its terms, except as limited by bankruptcy, insolvency and similar laws applying to creditors' rights generally and by principles of equity applying to creditors' rights generally.

(e) No Default or Event of Default exists under the Loan Agreement or any of the other Loan Documents, and Credit Parties and Guarantor are in full compliance with all covenants and agreements contained therein.

Article VI

MISCELLANEOUS

Section 6.1. Ratification of Agreement

The Original Loan Agreement as hereby amended is hereby ratified and confirmed in all respects. Any reference to the Loan Agreement in any Loan Document shall be deemed to refer to this Amendment also. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Lender under the Loan Agreement or any other Loan Document nor constitute a waiver of any provision of the Loan Agreement or any other Loan Document except as expressly set forth herein. The terms and provisions of the Loan Agreement and other Loan Documents are ratified and confirmed and shall continue in full force and effect. Each Credit Party and Guarantor hereby ratifies and confirms that all guaranties, assurances, security interests and liens granted, conveyed or assigned to the Lender under the Loan Documents (as they may have been renewed, extended, increased and amended), other than the Lender's Lien on the Released Property released pursuant to Section 3.3 of this Amendment, are not released, reduced or otherwise adversely affected by this Amendment or the partial release provided herein and continue to guarantee, assure and secure full payment and performance of the present and future Obligations, and agrees to perform such acts and duly authorize, execute, acknowledge, deliver, file and record such additional documents and certificates as the Lender may reasonably request in order to create, perfect, preserve and protect those guaranties, assurances, security interests and liens

Section 6.2. Ratification of Guaranty.

Digirad hereby: (i) confirms and agrees that, notwithstanding this Amendment, the consent and partial release granted herein and consummation of the transactions contemplated hereby, the Guaranty Agreement dated as of March 29, 2019 and executed by Digirad (the “Digirad Guaranty”) and all of Digirad’s covenants, obligations, agreements, waivers and liabilities under the Digirad Guaranty continue in full force and effect in accordance with their terms with respect to the obligations guaranteed; (ii) reaffirms its waivers of each and every one of the defenses to such obligations as set forth in the Digirad Guaranty; (iii) reaffirms that Digirad’s obligations under the Digirad Guaranty are separate and distinct from the obligations of any other party under the Loan Agreement (as modified by this Amendment) and the other Loan Documents; and (iv) waives any defense which might arise due to the execution and delivery of this Amendment, and the performance of the terms hereof or of the Loan Agreement (as modified by this Amendment).

Section 6.3. Survival of Agreements

All representations, warranties, covenants and agreements of the Credit Parties and Guarantor herein shall survive the execution and delivery of this Amendment and the performance hereof, and shall further survive until all of the Obligations are paid in full. All statements and agreements contained in any certificate or instrument delivered by any Credit Party or Guarantor hereunder or under the Loan Agreement to the Lender shall be deemed to constitute representations and warranties by, or agreements and covenants of, such Credit Party or Guarantor under this Amendment and under the Loan Agreement.

Section 6.4. Loan Documents

This Amendment is a Loan Document, and all provisions in the Loan Agreement pertaining to Loan Documents apply hereto.

Section 6.5. Governing Law

This Amendment shall be construed in accordance with the substantive laws of the State of New York and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws without giving effect to the conflicts of laws principles thereof, but including Sections 5.1401 and 5.1402 of the General Obligations Law.

Section 6.6. Counterparts; Fax

This Amendment may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment. This Amendment may be duly executed and delivered by facsimile transmission, electronic mail, or other electronic means.

Section 6.7. Release

Each Credit Party and Guarantor, in each case on behalf of itself and, as applicable, such Credit Party's or Guarantor's predecessors, successors, successors-in-interest, partners, members, shareholders, managers, directors, officers, heirs, beneficiaries, agents and assigns (each, a "Releasing Person" and collectively, the "Releasing Persons"): (i) does hereby forever RELEASE, ACQUIT, REMISE and FOREVER DISCHARGE Lender and its Affiliates, Equity Interest owners, present and former officers, directors, stockholders, members, managers, employees, attorneys, agents and other representatives, and the respective predecessors, successors, successors-in-interest, assigns, heirs, and representatives of each of the foregoing (each, a "Releasee" and collectively, the "Releasees") from any and all actions, causes of action, counterclaims, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, rights, claims, demands, liabilities, losses, rights to reimbursement, subrogation, indemnification or other payment, costs or expenses, and reasonable attorneys' fees, whether in law or in equity, of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, and whether representing a past, present or future obligation of the Releasees, or any of them, that any of the Releasing Persons ever had from the beginning of time, may have or hereafter can, may or shall have against the Releasees, or any of them, which have arisen or accrued prior to or as of the date of this Amendment, in each case to the extent in any way relating to or arising out of or in connection with: (a) any of the Obligations or the Loan Documents; (b) any of the transactions consummated under any of the Loan Documents; (c) the making of any Loan or the use of the proceeds thereof; (d) the Collateral; (e) the exercise by Lender of any right or remedy under or with respect to the Loan Documents, the Obligations, or the Collateral; (f) the conduct of the relationship between or among the Lender and any one or more of the Credit Parties or Guarantor; (g) fraud, dominion, control, alter ego, instrumentality, misrepresentation, **NEGLIGENT MISREPRESENTATION**, duress, coercion, undue influence, interference, **NEGLIGENCE OR GROSS NEGLIGENCE**, business interruption or lost profits, slander, libel or damage to reputation; (h) estoppel, promissory estoppel or waiver; (i) usury or penalty or damages therefor, from any advances or loans, or from the contracting for, charging, taking, reserving, collecting or receiving interest in excess of the highest lawful rate; (j) intentional or negligent infliction of mental distress, tortious interference with contractual relations, tortious interference with governance or prospective business advantage, or mistake; (k) any act, failure to act, event, omission, transfer, payment or transaction occurring on or prior to the date of this Amendment; (l) any fee, penalty or payment charged or paid under or in connection with the Loan Documents or this Amendment; or (m) the negotiation of this Amendment and any Loan Documents (each a "Claim" and collectively, "Claims") and (ii) does hereby agree and covenant not to assert or prosecute against any or all of the Releasees any Claims.

THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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IN WITNESS WHEREOF, this Amendment is duly executed and delivered as of the date first above written.

BORROWERS:

DIGIRAD HEALTH, INC.

PROJECT RENDEZVOUS HOLDING CORPORATION
PROJECT RENDEZVOUS ACQUISITION CORPORATION
DMS HEALTH TECHNOLOGIES, INC.
DMS IMAGING, INC.
DMS HEALTH TECHNOLOGIES – CANADA, INC.
DIGIRAD DIAGNOSTIC IMAGING, INC.

By: /s/ Matthew Molchan
Name: Matthew Molchan
Title: President

DIGIRAD IMAGING SOLUTIONS, INC.

By: /s/ Matthew Molchan
Name: Matthew Molchan
Title: CEO

GUARANTOR:

STAR EQUITY HOLDINGS, INC. (formerly known as Digirad Corporation), as Guarantor

By: /s/ Jeffrey Eberwein
Name: Jeffrey Eberwein
Title: Executive Chairman

LENDER:

STERLING NATIONAL BANK, as Lender

By: /s/ Gregg Gentry

Name: Gregg Gentry

Title: Senior Managing Director



Star Equity Holdings Completes Sale of DMS Health for \$18.75 Million

Old Greenwich, CT – April 1, 2021 – Star Equity Holdings (Nasdaq: STRR; STRRP) (“Star Equity” or the “Company”), a diversified holding company with three divisions: Healthcare, Construction, and Investments, announced today the completion of the sale of DMS Health Technologies, Inc. (“DMS Health”), the Company’s Mobile Healthcare business, for \$18.75 million in cash, as originally announced on November 3, 2020.

Matt Molchan, CEO of Digirad Health, Inc., the Company’s Healthcare division, said, “Following the divestiture of DMS Health and another small asset sale completed on February 1, 2021 for \$1.4 million, we have now streamlined our portfolio of healthcare assets and services by focusing our efforts on lower capex, higher margin segments within our Healthcare division. Our sales team is now focused on new opportunities to expand our client base and geographic footprint for selling and servicing our Digirad branded solid-state imaging cameras and on-site camera rental services.”

Jeff Eberwein, Star Equity’s Executive Chairman, noted, “The sale of assets in Q1 2021 has substantially improved our balance sheet and enables us to fund high-return internal growth investments as well as pursue acquisitions which could be bolt-ons in Healthcare or Construction or entry into a new business sector.”

About Star Equity Holdings, Inc.

Star Equity Holdings, Inc. is a diversified holding entity with three divisions: Healthcare, Construction, and Investments.

Healthcare

Digirad Health designs, manufactures, and distributes diagnostic medical imaging products and provides mobile imaging services. Digirad Health operates in two businesses: (i) diagnostic services and (ii) diagnostic imaging. The diagnostic services business offers imaging services to healthcare providers as an outsourced alternative to purchasing and operating their own equipment. The diagnostic imaging business develops, sells, and maintains solid-state gamma cameras.

Construction

Star Modular Construction manufactures modular housing units for commercial and residential real estate projects and operates in two businesses: (i) modular building manufacturing and (ii) structural wall panel and wood foundation manufacturing, including building supply retail operations.

Investments

Star Investments manages and finances the Company’s real estate assets and 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, free cash flow (FCF), 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.

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