



Investor Presentation

February 2024

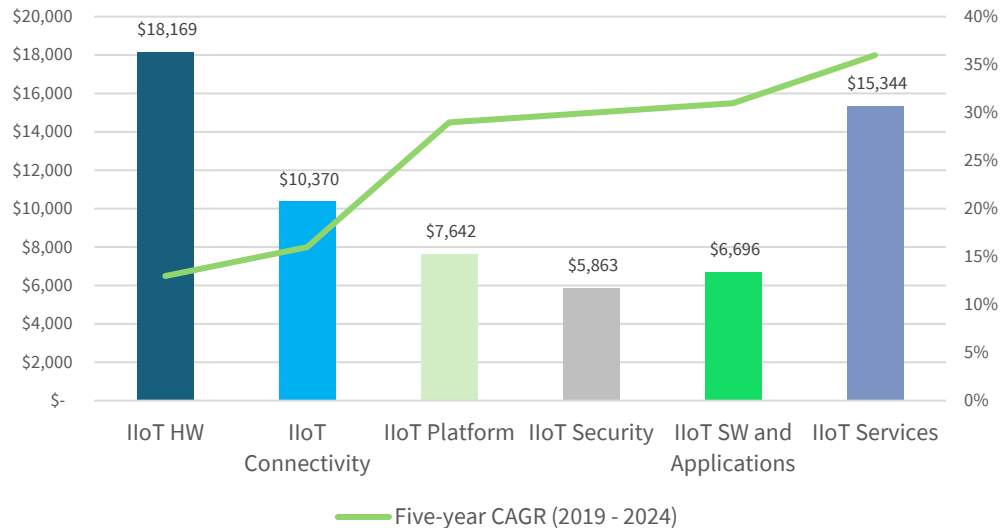
Safe Harbor

This presentation includes forward looking statements. These statements reflect our expectations about future operating and financial performance and speak only as of the date of this presentation. Actual results, performance, or developments could differ materially from those expressed or implied by the forward looking statements contained in this presentation as a result of known and unknown risks, uncertainties, and other factors including those identified in the Company's most recent Form 10-K and other subsequent periodic filings with the Securities and Exchange Commission.

Estimates Vary, But IIoT Market is Large and Growing

- Total 2024 market opportunity in excess of \$64B with the spectrum of IIoT technologies growing at a CAGR between 13% and 36%
- Longstanding market that has been based on hardware and connectivity is now fueled by faster growing software, applications, and services segments
- Today's profitability is driven by foundational HW, but it is expected profitability will expand in faster growing segments Digi is increasingly focused on

Market Opportunity Map for Industrial IoT, Millions of Dollars



Source: Gartner (April 2020)

Digi Transforms How Businesses Work by Enabling Machine Communications

Solving **MISSION** and **BUSINESS CRITICAL** machine communications challenges in the most **DEMANDING ENVIRONMENTS**

- Digi is led by a highly experienced management team that has driven revenue growth and profitability
- Customers rely on Digi's expertise, quality and secure products

Differentiated by technical expertise, impeccable service and a commitment to uptime, Digi provides value-added software and services that are enabled by hardware, and are supported by responsive and knowledgeable resources

- Proven, no-nonsense **ACTIVELY MANAGED SOLUTIONS THAT WORK** and keep working

DGII

NASDAQ

1985

Year
Founded

~800

Employees
Worldwide

20

Consecutive Years
of Profitability

\$445

Million
FY23 Revenue

21.7

FY23 A-EBITDA
Margin (%)



RELIABILITY



SCALABILITY



SECURITY



MANAGEABILITY

Fiscal First Quarter 2024 and Full-Year 2023 Results Set Several New **Records**

FQ1 2024 Results

- Revenue -3% YoY to \$106 million
- Annualized recurring revenue (ARR) +13% YoY to **\$108 million**
- Gross margin +130 bps YoY to **57.6%**
- Adj. EBITDA flat YoY to \$23 million
- Adj. EPS flat YoY to \$0.48

FY23 Results

- Revenue +15% YoY to **\$445 million**
- Gross margin +100 bps YoY to **56.7%**
- Adj. EBITDA +22% YoY to **\$97 million**
- Adj. EPS +20% YoY to **\$1.99**

Digi's Business Segments



Products & Services: Customer Choice

- Investing in software, service and subscription offerings that provide more valuable solutions and cultivate Annualized Recurring Revenues (ARR)
- A significant portion of segment sales run through a global network of distributors, systems integrators and value-added resellers, in addition to our direct sales team

\$82M

FQ1 Revenue

53.5%

FQ1 Gross Margin

\$23M*

FQ1 ARR



XBEE® ZIGBEE



CONNECTCORE® 6UL

Build

- Embedded solutions to help build a custom IoT solution
- Reduces time to market
- Lowers costs and risks



IX20



OM2200

Deploy

- Largely, cellular driven
- Quick deployment and configuration
- Extremely secure
- Data center and edge capabilities



DIGI REMOTE MANAGER

OPENGEAR LIGHTHOUSE

Manage

- Cloud, private cloud and on-premise software
- Configuration management
- Software updated remotely
- Bandwidth utilization

* ARR is the measurement of subscription-based revenue recognized as of 12/31/2023 multiplied by 12

Broad Vertical Expertise and Success in Products & Services Segment

ENERGY



SMART CITIES/ TRANSPORTATION



HEALTHCARE



AGRICULTURE/ HEAVY MACHINERY



INDUSTRIAL



CONSUMER



Solutions: Ventus and SmartSense

- SmartSense provides perishable goods condition monitoring services as well as automated employee workflows in the Health Care, Food Service and Logistics verticals
- Ventus provides Managed Network as a Service to unmanned kiosks in the Financial Services, Lottery/Gaming, Retail and IIoT verticals

\$24M

FQ1 Revenue

71.6%

FQ1 Gross Margin

\$85M*

FQ1 ARR

Monitor

- Automatically records critical conditions (temp, humidity, air pressure, etc.) where perishable goods are stored
- Leads field workers to record completion of high priority tasks



B SENSOR



Z SENSOR

Communicate

- Bluetooth and Zigbee gateways
- GPS Capable
- High security defense



BZ GATEWAY



B GATEWAY

Manage

- Guides workflow/monitors condition through digital management
- Alerts when out of compliance
- Leverages analytics to drive unique insights



* ARR is the measurement of subscription-based revenue recognized as of 12/31/2023 multiplied by 12

Focused Vertical Expertise and Success in Solutions Segment

FOOD SERVICE	HEALTHCARE	LOGISTICS	FINANCIAL SERVICES	RETAIL	INDUSTRIAL IOT
					
    	     	    	         	       	 

Improving Quality of Revenue Increases Visibility

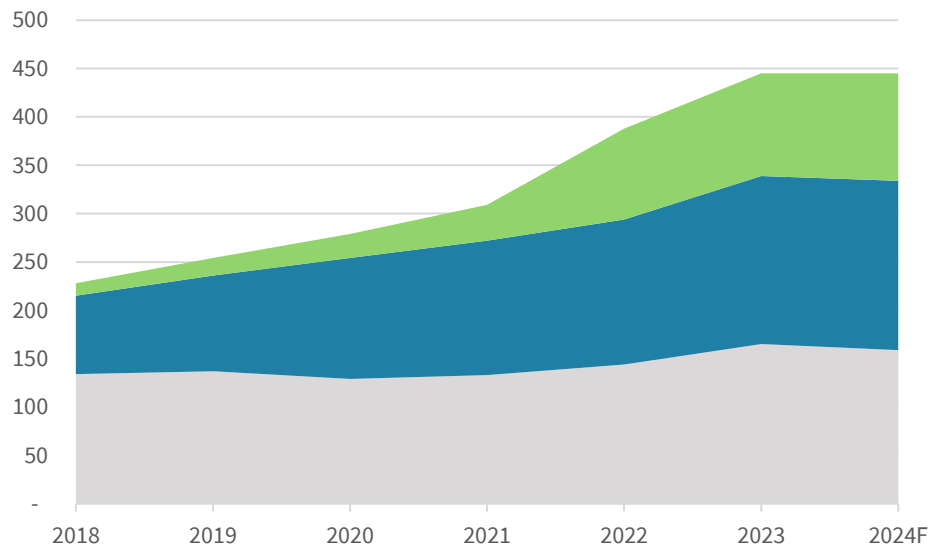
Revenue Categories:

- **Recurring:** subscriptions with extended visibility
- **Reoccurring:** design wins that produce repeated product shipments with ever increasing visibility
- **Non-Reoccurring:** one time product shipments

Revenue Growth and Drivers:

- Recurring revenue has grown from 4% to 24% of total revenues in six years
- Total revenue growth five-year CAGR of +14%: disciplined acquisitions and a shift to subscription revenue initiatives.
- Recurring revenue growth five-year CAGR of 52%

Revenues
(\$ millions, fiscal years)



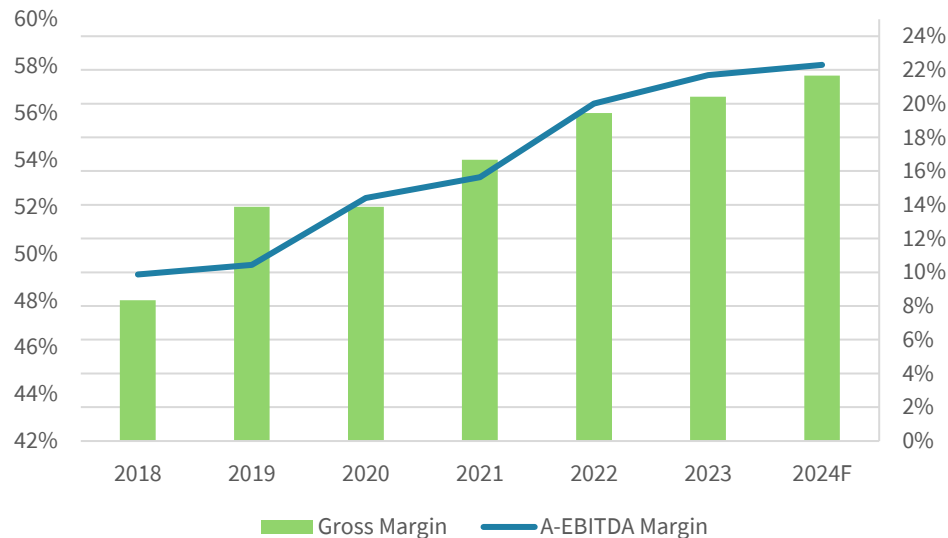
Increased Gross Profits Flowing to Improved Profit Margins

Gross Margin Dynamics:

- Differentiated offerings with higher margin profiles
- Increase in high margin subscription ARR
- +950 basis point improvement since 2018, approaching 60%

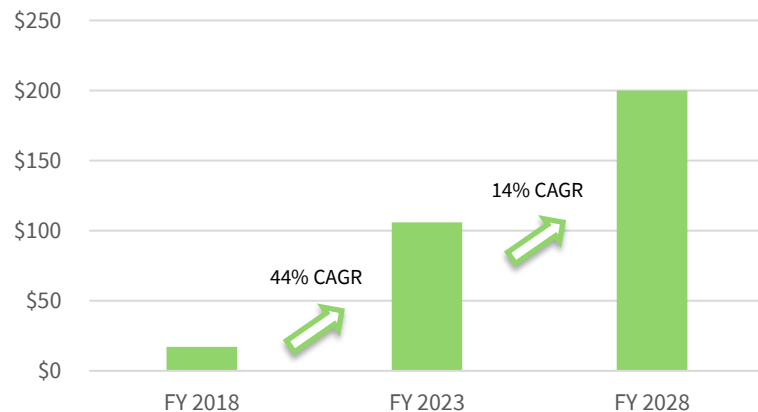
A-EBITDA Margin Dynamics:

- Improvement of ~1,200 basis points since 2018
- Thoughtful management of operating expenses
- Targeting +22% in FY2024

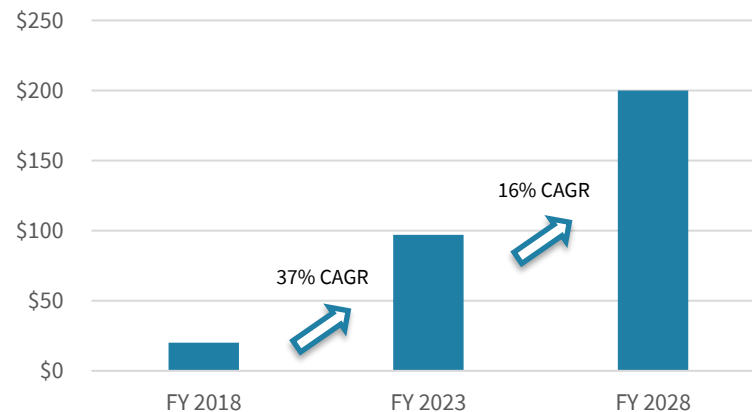


Digi Expects to Double ARR and A-EBITDA Over the Next Five Years

\$200 Million in ARR in 5-Years



\$200 Million in A-EBITDA in 5-Years



Digi's Industrial Internet of Things Investment Highlights



Enormous market opportunity with growth in software and services to connect an array of machines in a touchless world



Robust product portfolio proven to solve mission-critical communications challenges in demanding environments



Broad vertical market expertise and resilient relationships with blue chip customers



Highly experienced leadership team with track record of strong execution and outperformance



Consistent revenue growth and gross margin improvement with recurring revenue outpacing top-line revenue

Three \$100 Million Goals Achieved:

- Quarterly Revenue (DONE, FQ3 2022)
- ARR (DONE, FQ3 2023)
- Annualized A-EBITDA (DONE, FQ4 2023)



Growing profitability and cash generation combined with a durable balance sheet



Connect with Confidence