UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

November 11, 2026
Date of report (date of earliest event reported)

Digi International Inc.

(Exact name of registrant as specified in its charter)

Delaware	1-34033	41-1532464
(State of Incorporation)	(Commission file number)	(I.R.S. Employer Identification No.)

9350 Excelsior Blvd. Suite 700 Hopkins Minnesota	55343
(Address of principal executive offices)	(Zip Code)

(952) 912-3444
(Registrant's telephone number, including area code)

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	Name of each exchange on which registered
Common Stock, par value $.01 per share	DGII	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in 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. ☐

Item 2.02 Results of Operations and Financial Condition.

On November 11, 2026, Digi International Inc. (“Digi”) issued a press release and investor deck regarding Digi’s financial results for its fourth fiscal quarter and full fiscal year ended September 30, 2026, and held an earnings call to discuss those results. A copy of Digi's press release is attached hereto as Exhibit 99.1, a copy of Digi's investor deck as Exhibit 99.2 and a transcript of the earnings call as Exhibit 99.3.

The information contained in this Current Report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

No.	Exhibit	Manner of Filing
99.1	Press Release dated November 11, 2026, announcing financial results for the fourth fiscal quarter and full fiscal year ended September 30, 2026.	Furnished Electronically
99.2	Investor Deck dated November 11, 2026, announcing financial results for the fourth fiscal quarter and full fiscal year ended September 30, 2026.	Furnished Electronically
99.3	Transcript of the earnings call held on November 11, 2026.	Furnished Electronically
104	The cover page from the Current Report on Form 8-K formatted in Inline XBRL	Filed Electronically

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized.

Date: November 12, 2026

DIGI INTERNATIONAL INC.

By: /s/ James J. Loch
James J. Loch
Senior Vice President, Chief Financial Officer and Treasurer

Digi International Reports Fourth Fiscal Quarter and Full Year Fiscal 2026 Results
Record Quarterly Revenue of $143M, Record End of Quarter ARR of $197M
Quarterly Cash Flow From Operations of $42M

(Minneapolis, MN, November 11, 2026) - Digi International Inc. ("Digi" or the "Company") (Nasdaq: DGII), a leading global provider of business and mission-critical Internet of Things ("IoT") connectivity products, services and solutions, today announced its financial results for its fourth fiscal quarter ended September 30, 2026.

Fourth Fiscal Quarter 2026 Results Compared to Fourth Fiscal Quarter 2025 Results[1]

- Revenue was $143 million, an increase of 25%.
- Gross profit margin was 63.7%, a decrease of 20 basis points.
- Operating margin was 16.5%, an increase of 400 basis points.
- Net income was $15 million, an increase of 50%.
- Net income per diluted share was $0.38, an increase of 46%.
- Adjusted net income was $30 million, an increase of 53%.
- Adjusted net income per diluted share was $0.78, an increase of 47%.
- Adjusted EBITDA was $42 million, an increase of 43%.
- Annualized Recurring Revenue ("ARR") was $197 million at year end, an increase of 30%.

Full Year Fiscal 2026 Results Compared to Full Year Fiscal 2025 Results[1]

- Revenue was $535 million, an increase of 24%.
- Gross profit margin was 63.8%, an increase of 90 basis points.
- Operating margin was 14.9%, an increase of 180 basis points.
- Net income was $54 million, an increase of 32%.
- Net income per diluted share was $1.38, an increase of 28%.
- Adjusted net income was $105 million, an increase of 41%.
- Adjusted net income per diluted share was $2.70, an increase of 38%.
- Adjusted EBITDA was $148 million, an increase of 37%.

(1) Fiscal 2026 results include the results of Jolt Software, Inc. ("Jolt") for the full period and Particle Industries, Inc. ("Particle") following the January 2026 acquisition date. Fiscal 2025 results include Jolt for the period following the August 2025 acquisition date and do not include Particle.

Reconciliations of non-GAAP financial measures to their closest GAAP analogs appear at the end of this release, as well as a discussion of recent changes to the method of calculating adjusted net income and adjusted net income per diluted share.

“Fiscal 2026 was a defining year for Digi, and it reflects the consistent execution we deliver for our customers,” said Ron Konezny, President and CEO. “Customers are realizing the value of our Industrial IoT solutions, which provide connected, secure, remote presence and control. Their success has helped to drive double-digit growth on our key financial performance metrics. We look forward to securing regulatory approval to close the acquisition of Disruptive Technologies (DT), which is expected before November 30, 2026. We are looking forward to welcoming the team and its leading sensor

technology once the transaction closes. DT stands out in its breadth of applications, ease of implementation, size, and long battery life. As we enter fiscal 2027, we are excited to be approaching $200M in ARR, one of the two five-year goals that we set at the start of fiscal 2024."

Additional Financial Highlights

- Our outstanding debt as of the end of the fourth quarter was $69 million and our cash and cash equivalents balance was $30 million, resulting in a debt net of cash and cash equivalents of $39 million.
- Cash flow from operations was $42 million in the fourth quarter of fiscal 2026, compared to $28 million in the fourth quarter of fiscal 2025. This increase was driven primarily by the change in deferred income taxes, relating to accelerated utilization of tax attributes under the One Big Beautiful Bill Act.

Segment Results

IoT Products & Services

The segment's fourth fiscal quarter 2026 revenue of $105 million increased 28% compared to the same period in the prior fiscal year. This consisted of a $15.0 million increase in one-time sales and $7.7 million of recurring revenue growth, with no material impact from pricing. A significant majority of the increase in revenue was driven by organic growth from increased customer demand and supported by the Particle acquisition. ARR as of the end of the fourth fiscal quarter was $64 million, an increase of 100% from the end of fiscal 2025. This increase was driven primarily by the acquisition of Particle and to a lesser degree growth in the subscription base across remote management platforms, extended warranty offerings and technical support. Operating margin increased 320 basis points to 18.4% of revenue for the fourth fiscal quarter of 2026. This increase primarily was due to improved operating expense efficiencies as volume expanded at a rate greater than operating expenses.

The segment's fiscal 2026 revenue of $385 million increased 21% compared to the prior fiscal year. This consisted of a $44.1 million increase in one-time sales and $22.8 million of recurring revenue growth, with no material impact from pricing. A significant majority of the increase in revenue was driven by organic growth from increased customer demand and to a lesser degree by the Particle acquisition. Operating margin increased 120 basis points to 16.0% of revenue for fiscal 2026. This increase was primarily due to favorable mix among product lines and improved operating expense efficiencies as volume expanded at a rate greater than operating expenses.

IoT Solutions

The segment's fourth fiscal quarter 2026 revenue of $38 million increased 20%, as compared to the same period in the prior fiscal year. The increase consisted of a $5.4 million increase in recurring revenue and a $0.8 million increase in one-time sales, with the significant majority of both driven by the Jolt acquisition. ARR as of the end of the fourth fiscal quarter was $133 million, an increase of 11% from the end of fiscal 2025, driven by organic growth across our Solutions businesses. Operating margin increased 590 basis points to 11.5% in the fourth fiscal quarter of 2026 compared to the same quarter of the prior fiscal year. This increase was the result of improved operating expense efficiencies as volume expanded at a greater rate than operating expenses.

The segment's fiscal 2026 revenue of $150 million increased 34%, as compared to the prior fiscal year. The increase consisted of a $29.8 million increase in recurring revenue and an $8.3 million increase in one-time sales, with the significant majority of both driven by the Jolt acquisition. Operating margin increased 380 basis points to 12.1% in fiscal 2026 compared to the prior fiscal year. This increase was the result of improved operating margin efficiencies as volume expanded at a greater rate than operating expenses.

Capital Allocation Strategy

Acquisitions remain a top capital priority for Digi as reflected by our definitive agreement, entered into on September 30, 2026, to acquire DT, a Norway-based provider of advanced sensing technology, for $130 million in cash, which we expect to fund using our existing revolving credit facility. Completion of the acquisition remains subject to regulatory approval and other customary closing conditions.

We will continue to be disciplined in our approach and act when we believe an opportunity is appropriate to execute in the context of prevailing market conditions.

First Fiscal Quarter & Full Year Fiscal 2027 Guidance

The shift toward software-driven connected operations continues to generate durable demand for hardware-enabled software solutions that support our customers' most critical business needs. Legacy "set it and forget it" infrastructure increasingly fails to meet the operational, regulatory, and competitive demands organizations face today.

Customers across industrial, infrastructure, and enterprise markets are prioritizing connectivity, intelligence at the edge, and software capabilities as fundamental enablers of their strategic roadmaps. With industrial activity strengthening broadly and investment accelerating across automation, energy, and data infrastructure, customers are treating these capabilities as essential infrastructure rather than discretionary spending. Digi is well-positioned to capture that demand, even as we manage an evolving global trade framework and rising component costs, most notably memory, through disciplined pricing, supply-chain agility, and the resilience of our recurring revenue model.

Our focus is on solutions that generate recurring revenue streams and create compounding value for customers well beyond the initial device purchase. The performance we are reporting today, and our outlook for fiscal 2027, reflect the benefits of this model, which insulates our margin structure in ways purely hardware-dependent businesses cannot match. ARR growth, margin expansion, and customer retention trends all reinforce our confidence in achieving $200 million in both ARR and Adjusted EBITDA within our targeted time horizon. Strategic acquisitions aligned with these objectives remain a tool to accelerate our path.

For fiscal 2027, we anticipate ARR growth of at least 15% versus fiscal 2026. Revenue growth is expected to be 10-15% versus fiscal 2026. Adjusted EBITDA growth is expected to be 12.5 - 17.5% versus fiscal 2026.

For the first fiscal quarter, revenues are estimated to be $140 million to $144 million. Adjusted EBITDA is estimated to be between $39.5 million and $41.0 million. Adjusted net income per diluted share is anticipated to be between $0.71 and $0.75 per diluted share, assuming a weighted average diluted share count of 39.5 million. This includes an expected impact from interest of $0.02 to $0.04 per diluted share.

We provide guidance or longer-term targets for adjusted net income per diluted share and Adjusted EBITDA, each on a non-GAAP basis. We do not reconcile these items to their most comparable GAAP measures because it is not possible to predict without unreasonable efforts numerous items including but not limited to the impact of foreign exchange translation, restructuring, interest and certain tax-related events. Given this uncertainty, any of these items could have a significant impact on GAAP results.

Fourth Fiscal Quarter 2026 Video Conference Call Details

As announced on October 19, 2026, Digi will discuss its fourth fiscal quarter results on a video conference call on Wednesday, November 11, 2026 at approximately 5:00 p.m. ET (4:00 p.m. CT). The call will be hosted by Ron Konezny, President and Chief Executive Officer, and Jamie Loch, Chief Financial Officer.

Participants may register for the audio only conference call at: https://register-conf.media-server.com/register/BIe423522c5519441f91085ad243ab21ec. Once registration is completed, participants will be provided a dial in number and passcode to access the call. All participants are asked to dial-in 15 minutes prior to the start time.

Participants may access a live webcast of the video conference call through the investor relations section of Digi's website, https://digi.gcs-web.com/ or the hosting website at: https://edge.media-server.com/mmc/p/vjjn28e6/.

A replay will be available within approximately two hours after the completion of the call for approximately one year. You may access the replay via webcast through the investor relations section of Digi's website.

A copy of this earnings release can be accessed through the financial releases page of the investor relations section of Digi's website at www.digi.com.

For more news and information about Digi, please visit www.digi.com/aboutus/investorrelations.

About Digi International

Digi International Inc. (Nasdaq: DGII) is a leading global provider of IoT connectivity products, services and solutions. We help our customers create next-generation connected products and deploy, monitor and manage critical communications infrastructures in demanding environments with high levels of security and reliability. Founded in 1985, we've helped our customers connect over 100 million things and growing. For more information, visit Digi's website at www.digi.com.

Forward-Looking Statements

This press release contains "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995, and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on management's current expectations and assumptions. These statements often can be identified by the use of forward-looking terminology such as "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "intend," "may," "outlook," "remain," "plan," "potential," "project," "seek," "should," "target," "will," or "would" or the negative thereof or other variations thereon or similar terminology. Among other items, these statements relate to expectations of the business environment in which Digi operates, projections of future performance, including but not limited to expectations regarding the Company's profitability, operating margins and net cash position, growth in Annualized Recurring Revenue and subscription-based recurring revenue, demand trends, including those related to data center and artificial intelligence infrastructure, expected declines in sales of mature hardware products, inventory levels, perceived marketplace opportunities, the sufficiency of our liquidity and capital resources, borrowings and debt repayments, the expected benefits, timing, financing and integration of actual or potential acquisitions, including Disruptive Technologies, and statements regarding our mission and vision. Such statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions. Among others, these include risks related to our ability to realize synergies and operating benefits from completed acquisitions, risks associated with our proposed acquisition of Disruptive Technologies, including the possibility that the transaction may not be completed on the anticipated terms or timetable, or at all, and, if completed, our ability to successfully integrate the acquired business and realize the anticipated benefits of the acquisition; risks related to our indebtedness under our credit facility, including borrowings used to fund acquisitions, changes in interest rates and our ability to comply with the covenants in our credit agreement; macroeconomic conditions, including changes in inflation, interest rates, and foreign currency exchange rates, the potential for longer than expected sales cycles or changes in customer purchasing patterns, our ability to grow recurring revenue, which depends on customer adoption, retention, renewal and expansion of our subscription-based offerings, the ability of companies like us to operate a global business in such conditions as well as negative effects on product demand and the financial solvency of customers and suppliers in such conditions, our dependence on a global supply chain and risks associated with the availability, cost and delivery of components and products, regulatory risks that include, but are not limited to, changes in U.S. and foreign trade, tariffs, tax, sanctions, and export controls, potential changes to regulations impacting the functionality or compliance of our products, risks related to cybersecurity threats, vulnerabilities, and incidents affecting us, our products, services and internal systems, or our customers, suppliers or third-party services providers, including risks associated with data privacy, connected devices, remote-access technologies, cloud-based platforms and third-party or open-source components, the increasing use of artificial intelligence by threat actors to identify and exploit vulnerabilities and conduct more sophisticated cyberattacks; interruptions, outages, performance failures or other disruptions affecting our cloud-based platforms, hosted services, communications networks or third-party infrastructure providers; evolving laws, regulations and industry standards concerning cybersecurity, data privacy, data localization, connected products, artificial intelligence and digital infrastructure; risks arising from geopolitical instability and military conflicts, including developments involving Ukraine, the Middle East, China and Taiwan, the highly competitive market in which we operate, rapid changes in technologies that may displace products sold by us, declining prices of networking products, declining demand for our mature hardware products, potential fluctuations in data center and artificial intelligence infrastructure spending, our reliance on distributors and other third parties to sell our products, the potential for significant purchase orders to be canceled or changed, delays in product development efforts, uncertainty in user acceptance of our products, the ability to integrate our products and services with those of other parties in a commercially accepted manner, potential liabilities that can arise if any of our products have design or manufacturing defects, product performance or security issues, our ability to defend or settle satisfactorily any litigation, the impact of natural disasters and other events beyond our control that could negatively impact our supply chain and customers, potential unintended consequences associated with restructuring, reorganizations or other similar business initiatives that may impact our ability to retain important employees or otherwise impact our operations in unintended and adverse ways, potential impairment of goodwill or other intangible assets, including as a result of a sustained decline in our market value, and changes in our level of revenue or profitability which can fluctuate for many reasons beyond our control. These and other risks, uncertainties and assumptions identified from time to time in our filings with the United States Securities and Exchange Commission, including without limitation, those set forth in Item 1A, Risk Factors, of our Annual Report on Form 10-K for the year ended September 30, 2025, and our Annual Report on Form 10-K for the year ended September 30, 2026, when filed, and any other subsequent filings, could cause our actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf. Many of such factors are beyond our ability to control or predict. These forward-looking statements speak only as of the date for which they are made. Except to the extent required by law, we do not undertake, and expressly disclaim, any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Presentation of Non-GAAP Financial Measures

This release includes adjusted net income, adjusted net income per diluted share and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), each of which is a non-GAAP financial measure.

During the first fiscal quarter of 2026, Digi modified its method of calculating adjusted net income and adjusted net income per diluted share to include the impact of interest expense. This change was primarily driven by the continued use of financing by the Company to fund cash flow needs and therefore including the recurring nature of interest presents a better metric that management believes provides a more representative view of operating performance and cash-generating capability. Accordingly, we evaluated the impact of this change on prior-period disclosures and have recast adjusted net income and adjusted net income per diluted share for all periods to conform to this presentation.

We understand that there are material limitations on the use of non-GAAP measures. Non-GAAP measures are not substitutes for GAAP measures, such as net income, for the purpose of analyzing financial performance. The disclosure of these measures does not reflect all charges and gains that actually were recognized by Digi. These non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies or presented by us in prior reports. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. We believe that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. We believe these measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures. Additionally, Adjusted EBITDA and Adjusted EBITDA Margin do not reflect our cash expenditures, the cash requirements for the replacement of depreciated and amortized assets, or changes in or cash requirements for our working capital needs.

We believe that providing historical and adjusted net income and adjusted net income per diluted share, exclusive of such items as reversals of tax reserves, net discrete tax expenses (benefits), restructuring charges and reversals, intangible amortization, stock-based compensation, other non-operating income/expense, gains on asset sales and acquisition-related expenses, permits investors to compare results with prior periods that did not include these items. Management uses the aforementioned non-GAAP measures to monitor and evaluate ongoing operating results and trends and to gain an understanding of our comparative operating performance. In addition, certain of our stockholders have expressed an interest in seeing financial performance measures exclusive of the impact of these matters, which while important, are not central to the core operations of our business. Management believes that Adjusted EBITDA, which we calculate as net income before interest, taxes, depreciation and amortization, adjusted for stock-based compensation expense, acquisition-related expenses, gains on asset sales and restructuring charges and reversals, is useful to investors to evaluate our core operating results and financial performance because it excludes significant non-cash items and other items reflected in the Condensed Consolidated Statements of Operations that management does not consider indicative of our core operating performance. We believe that presenting Adjusted EBITDA as a percentage of revenue ("Adjusted EBITDA Margin") is useful because it provides a reliable and consistent approach to measuring our performance year over year and in assessing our performance against that of other companies. We believe this information helps compare operating results and corporate performance exclusive of the impact of our capital structure and the method by which assets were acquired.

Investor Contact:

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Digi International Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three months ended September 30,		Year ended September 30,	
	2026	2025	2026	2025
Revenue	$ 143,319	$ 114,338	$ 535,194	$ 430,221
Cost of sales	52,073	41,260	193,956	159,544
Gross profit	91,246	73,078	341,238	270,677
Operating expenses:				
Sales and marketing	30,473	25,017	113,037	91,834
Research and development	21,481	17,080	78,240	63,659
General and administrative	15,583	16,700	69,958	58,894
Operating expenses	67,537	58,797	261,235	214,387
Operating income	23,709	14,281	80,003	56,290
Other expense, net	(1,274)	(1,768)	(7,482)	(6,373)
Income before income taxes	22,435	12,513	72,521	49,917
Income tax provision	7,497	2,532	18,829	9,113
Net income	$ 14,938	$ 9,981	$ 53,692	$ 40,804
Net income per common share:				
Basic	$ 0.39	$ 0.27	$ 1.42	$ 1.10
Diluted	$ 0.38	$ 0.26	$ 1.38	$ 1.08
Weighted average common shares:				
Basic	37,953	37,128	37,680	36,959
Diluted	39,125	37,959	38,821	37,739

Digi International Inc.
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	September 30, 2026	September 30, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 29,515	$ 21,902
Accounts receivable, net	68,396	63,453
Inventories	46,045	38,911
Income taxes receivable	3,587	1,875
Prepaid expenses and other current assets	7,440	4,558
Total current assets	154,983	130,699
Non-current assets	807,481	791,947
Total assets	$ 962,464	$ 922,646
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	41,134	35,871
Other current liabilities	100,436	71,939
Total current liabilities	141,570	107,810
Long-term debt	67,198	159,152
Other non-current liabilities	48,472	19,607
Total non-current liabilities	115,670	178,759
Total liabilities	257,240	286,569
Total stockholders' equity	705,224	636,077
Total liabilities and stockholders' equity	$ 962,464	$ 922,646

Digi International Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Year ended September 30,	
	2026	2025
Net cash provided by operating activities	$ 152,904	$ 107,959
Net cash used in investing activities	(50,662)	(148,332)
Net cash (used in) provided by financing activities	(93,803)	34,624
Effect of exchange rate changes on cash and cash equivalents	(826)	141
Net increase (decrease) in cash and cash equivalents	7,613	(5,608)
Cash and cash equivalents, beginning of period	21,902	27,510
Cash and cash equivalents, end of period	$ 29,515	$ 21,902

Non-GAAP Financial Measures

TABLE 1

Reconciliation of Net Income to Adjusted EBITDA
(In thousands)

	Three months ended September 30,				Year ended September 30,			
	2026		2025		2026		2025	
		% of total revenue		% of total revenue		% of total revenue		% of total revenue
Total revenue	$ 143,319	100.0 %	$ 114,338	100.0 %	$ 535,194	100.0 %	$ 430,221	100.0 %
Net income	$ 14,938		$ 9,981		$ 53,692		$ 40,804	
Interest expense, net	1,238		1,757		7,367		6,319	
Income tax provision	7,497		2,532		18,829		9,113	
Depreciation and amortization	11,511		9,013		44,508		33,976	
Stock-based compensation expense	4,876		3,985		18,287		15,363	
Gain on asset sale	(20)		—		(170)		(181)	
Restructuring charge	478		314		1,250		774	
Acquisition expense, net	1,220		1,654		4,339		2,251	
Adjusted EBITDA	$ 41,738	29.1 %	$ 29,236	25.6 %	$ 148,102	27.7 %	$ 108,419	25.2 %

TABLE 2

Reconciliation of Net Income and Net Income per Diluted Share to Adjusted Net Income and Adjusted Net Income per Diluted Share
(In thousands, except per share amounts)

	Three months ended September 30,				Year ended September 30,			
	2026		2025		2026		2025	
Net income and net income per diluted share	$ 14,938	$ 0.38	$ 9,981	$ 0.26	$ 53,692	$ 1.38	$ 40,804	$ 1.08
Amortization	8,159	0.21	5,900	0.16	31,402	0.81	22,141	0.59
Stock-based compensation expense	4,876	0.12	3,985	0.10	18,287	0.47	15,363	0.41
Other non-operating expense	36	—	11	—	115	—	54	—
Acquisition expense, net	1,220	0.03	1,654	0.04	4,339	0.11	2,251	0.06
Gain on asset sale	(20)	—	—	—	(170)	—	(181)	—
Restructuring charge	478	0.01	314	0.01	1,250	0.03	774	0.02
Tax effect from the above adjustments [1]	(863)	(0.02)	(1,437)	(0.04)	(4,793)	(0.12)	(7,022)	(0.19)
Discrete tax expenses (benefits) net [2]	1,666	0.05	(419)	(0.01)	626	0.02	(121)	—
Adjusted net income and adjusted net income per diluted share [3]	$ 30,490	$ 0.78	$ 19,989	$ 0.53	$ 104,748	$ 2.70	$ 74,063	$ 1.96
Diluted weighted average common shares		39,125		37,959		38,821		37,739

(1) The tax effect from the above adjustments assumes an estimated effective tax rate of 18.0% for fiscal 2026 and 2025 based on adjusted net income.
(2) For the three and twelve months ended September 30, 2026 and 2025, discrete tax expenses (benefits) include excess tax benefits recognized on stock-based compensation and expiring statute of limitations.
(3) Adjusted net income per diluted share may not add due to the use of rounded numbers.

Connect with Confidence

Earnings Presentation

Fiscal Fourth Quarter and Fiscal Full Year 2026

November 11, 2026



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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.

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Today's Agenda

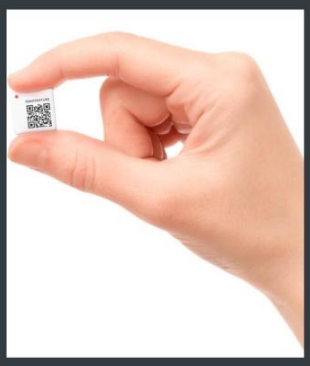
1. FY26 Highlights
2. FY26 Financial Results and FY27 Guidance
3. Long Term Goals Update



Ron Konezny
CEO and President



Jamie Loch
Executive Vice President, Chief Financial Officer and Treasurer



Disruptive Technologies sensor
Smaller than a postage stamp

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Connect with Confidence

FY26 Highlights

Ron Konezny, CEO and President



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Key Messages FY2026

Customer Focus: *Solutions, innovation and service*	• **Complete, secure, reliable** IIoT solutions for mission-critical applications • **Innovation** across hardware, connectivity, software and **AI** • **Service** with **24/7 expert support** and flexible managed options
Financial Performance: *Delivered against raised guidance*	• **Executing** on financial and operational priorities • Record quarterly **revenue, ARR and adjusted EBITDA** • Full-year results **above raised guidance**; ARR growth **ahead of target**
Flywheel: *Acquire, integrate, generate cash, repeat*	• **Record cash generation** pays debt, which funds acquisitions • Jolt and Particle **integrated** onto common systems and processes • **Disruptive Technologies** extends SmartSense into Europe and new markets

Adjusted EBITDA is a non-GAAP measure, and ARR is an operational metric with no comparable GAAP measure; see the Company's FQ4 2026 Earnings Release for reconciliations. Guidance refers to ranges as issued August 5, 2026. The Disruptive Technologies acquisition is pending and subject to regulatory approval.

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Digi's IIoT Solution Value Proposition

A Complete, Mission-Critical Industrial IoT Stack

Security	Reliability	Scalability	Ease of Use
• Zero-trust device authentication • Products with end-to-end encrypted communications • Products with automated vulnerability management • Products with FIPS 140-2 certified hardware	• 5-nines uptime SLAs • Failover & redundant connectivity • 40-year heritage of rugged design • Carrier-grade hardware platforms	• Manage millions of edge devices • Cloud-native, multi-tenant platform • API-first architecture • Supports SMB to Fortune 50	• Zero-touch provisioning (ZTP) • Intuitive cloud dashboards • Plug-and-play hardware • Responsive 24/7 expert support

Enhance by AI, the 5th pillar — at the edge and in the cloud

Capabilities vary by product and service. FIPS 140-2 applies only to specific certified products, and uptime SLAs depend on the service and contract terms . DANI security attributes, including SOC 2 Type 2. All trademarks are the property of their respective owners.

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Faster Time to Value: You Choose How Much You Manage

Outcomes over effort: the same trusted hardware, with the level of support that fits your team

	Self Managed	Fully Managed
What you buy	Devices and parts	**A complete solution: hardware, software and services**
How you pay	One-time purchases	**Simple subscription that scales with your deployment**
Who does the work	Your team integrates, monitors and supports	**Digi monitors, manages and supports, with 24/7 expert care**
What you get	A box to configure	**Outcomes: uptime, security and compliance**

You manage **Digi manages**

Decades of product excellence. You decide how much effort stays with you.

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Built to Adapt: Digi Solutions by Vertical

Utilities & Energy

Connectivity and monitoring for grid, metering and renewable energy sites.

Digi solution: Digi IX cellular routers and gateways, managed with Digi Remote Manager.

Healthcare

Connected monitoring for patient care, food safety and cold chain.

Digi solution: SmartSense by Digi sensors, gateways and cloud software with real-time alerts.

Data Centers & Edge

Secure remote access to keep critical infrastructure running.

Digi solution: Opengear by Digi out-of-band management, with Digi Remote Manager and DANI for AI-assisted operations.

Retail & Point-of-Sale

Always-on connectivity and managed services for distributed sites.

Digi solution: Digi EX cellular routers and Ventus by Digi managed network services, run through Digi Remote Manager.

Transportation

Rugged, secure connectivity for mass transit, fleets and logistics.

Digi solution: Digi TX and EX rugged cellular routers with centralized fleet visibility.

Industrial & Manufacturing

Reliable, secure connectivity for machines, plants and remote assets.

Digi solution: Digi XBee, Digi Connect and Digi IX products, with Particle by Digi for connected devices.

Illustrative end markets and product examples; vertical emphasis may shift with demand. Product availability and features vary by region. All trademarks are the property of their respective owners. | Digi International Inc. (DGII)

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Digi's Flywheel: Acquire → Integrate → Generate Cash → Repeat

1. ACQUIRE

Accretive M&A Using Debt

Identify IIoT companies with strong ARR and A-EBITDA potential. Use debt financing to fund acquisitions.

2. INTEGRATE

Build ARR & A-EBITDA

Integrate acquired teams onto Digi's common CRM, ERP and processes; cross-sell, expand attach rates and drive subscription growth.



4. PAY DOWN DEBT

Reduce Leverage, Repeat Cycle

Deploy cash flow to retire acquisition debt, restoring capacity for the next acquisition.

3. CASH FLOW

Strong Cash Generation

ARR focused solutions provider combined with a capital light model provides for consistent cash generation.

Recent Acquisitions: Jolt (FY25) · Particle (FY26) · Disruptive Technologies (pending)

Debt net of cash is a non-GAAP measure: Debt net of cash is outstanding debt less cash. A-EBITDA is non-GAAP. ARR is an operating metric with no comparable GAAP measure. See the FQ4 2026 Earnings Release for reconciliations. DT acquisition pending regulatory approval.

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Acquiring Disruptive Technologies

Oslo-based sensing leader joins SmartSense by Digi (IoT Solutions) | Announced October 1, 2026 | Expected to be accretive to FY27 EPS

Transaction

$130M
Cash Purchase Price
Funded from existing credit facility

$9M
Incremental A-EBITDA
Expected in fiscal 2028

Nov 30, 2026
Expected Closing
Subject to regulatory approval

Disruptive Technologies Profile (Calendar 2025)

$15M
Revenue
Growing well into double digits

$4M
Annualized Recurring Revenue
Focus has been on one-time sensor sales

250K+
Sensors Deployed
25+ countries, primarily Europe

The transaction is subject to regulatory approval, and there can be no assurance it will close on the expected timeline or deliver the expected benefits. Statements about expected closing, accretion and incremental A-EBITDA are forward-looking; see the Safe Harbor statement (slide 2). A-EBITDA is a non-GAAP measure and are not reconciled to GAAP on a forward-looking basis; ARR is an operational metric with no comparable GAAP measure. Disruptive Technologies figures are for calendar 2025. Source: Digi announcement and conference call, October 1, 2026.

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Why Disruptive Technologies, Why SmartSense

Best-in-Class Sensing

Sensors smaller than a postage stamp with up to 15-year battery life, built on DT's own chip and wireless protocol. Fewer battery swaps, less infrastructure.

Europe Entry

First commercial presence in Europe for SmartSense, built on DT's country-by-country customer relationships across 25+ countries.

New Markets

Motion, tactile and CO2 sensors open building automation and occupancy monitoring, alongside SmartSense's food and health markets.

Subscription Model

Move DT from one-time sensor sales plus separate software to SmartSense's single sensor-and-software subscription to build ARR.

Data Foundation for AI

Trusted physical-world data feeds SmartSense AI and digital workflows, a foundation for enterprise AI.

Financial Profile

Nominally accretive to FY27 EPS; ~$9M incremental A-EBITDA in FY28, weighted toward cost synergies. FY27 focuses on integration.

Statements about expected benefits, accretion, synergies and the move to a subscription model are forward-looking; see the Safe Harbor statement (slide 2). A-EBITDA is a non-GAAP measure. Battery life is per Disruptive Technologies specifications; actual results vary. Sources: Digi International announcement and conference call, October 1, 2026 | Digi International Inc. (DGII)

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Connect with Confidence

FY26 Results and FY27 Guidance

Jamie Loch, Chief Financial Officer

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FQ4 FY2026 Summary

($M, except EPS)	FQ4'26	YoY
Revenue	$143.3	+25%
Gross Margin	63.7%	-20 bps
Operating Margin	16.5%	+400 bps
GAAP EPS (diluted)	$0.38	+46%
Adjusted EBITDA	$41.7	+43%
Adjusted EBITDA Margin	29.1%	+350 bps
Adjusted EPS	$0.78	+47%
ARR	$197	+30%

GAAP measures: revenue, gross margin, operating margin and GAAP EPS. Non-GAAP measures: adjusted EBITDA, adjusted EBITDA margin, adjusted EPS and ARR (an operational metric with no comparable GAAP measure); see the Company's FQ4 2026 Earnings Release for reconciliations. The one-time/recurring revenue split and operating expense ratio are Company calculations.

Highlights / Drivers

- Record quarterly revenue, ARR and adjusted EBITDA
- Revenue growth was about $16M one-time and $13M recurring, from organic demand plus Jolt and Particle
- Operating leverage: expenses fell to 47% of revenue from 51%
- Gross margin down on product mix, within the low-to-mid-60s range

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FQ4 FY2026 Segment Results

Fourth fiscal quarter 2026 vs. fourth fiscal quarter 2025 | ARR growth vs. end of fiscal 2025

IoT Product & Services

$105M
Revenue
+28% YoY

18.4%
Operating Margin
+320 basis points YoY

$64M
Annualized Recurring Revenue (ARR)
+100% vs. FY25 year end

IoT Solutions

$38M
Revenue
+20% YoY

11.5%
Operating Margin
+590 basis points YoY

$133M
Annualized Recurring Revenue (ARR)
+11% vs. FY25 year end

IoT Product & Services growth was driven by organic demand and the Particle acquisition; ARR growth was driven primarily by Particle. IoT Solutions revenue growth was driven primarily by Jolt; ARR growth was organic. ARR is an operational metric with no comparable GAAP measure. Source: Digi FQ4 2026 Earnings Release.

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FY2026 Summary

($M, except EPS)	FY26	YoY
Revenue	$535	+24%
Gross Margin	63.8%	+84 bps
Operating Margin	14.9%	+186 bps
GAAP EPS (diluted)	$1.38	+28%
Adjusted EBITDA	$148	+37%
Adjusted EBITDA Margin	27.7%	+248 bps
Adjusted EPS	$2.70	+38%
ARR	$197	+30%

GAAP measures: revenue, gross margin, operating margin and GAAP EPS. Non-GAAP measures: adjusted EBITDA, adjusted EBITDA margin, adjusted EPS and ARR (an operational metric with no comparable GAAP measure); see the Company's FQ4 2026 Earnings Release for reconciliations. The one-time/recurring revenue split and operating expense ratio are Company calculations.

Highlights / Drivers

- Record revenue, ARR and adjusted EBITDA
- Revenue growth was about $75M one-time and $30M recurring
- Operating leverage: expenses fell to 49% of revenue down from 50%
- Gross margin up on revenue mix, within the low-to-mid-60s range

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Cash Flow and Balance Sheet

Fiscal year ended September 30, 2026 | Cash from operations exceeded Adjusted EBITDA

Cash Flow from Operations

$42M

FQ4 2026

vs. $28M in FQ4 2025

$153M

Fiscal 2026

vs. $108M in fiscal 2025

Balance Sheet (September 30, 2026)

$69M

Outstanding Debt

$30M

Cash and Cash Equivalents

$39M

Debt Net of Cash

vs. ~$81M at FQ3 2026

Cash flow from operations is a GAAP measure. Adjusted EBITDA and debt net of cash are non-GAAP measures; debt net of cash is outstanding debt less cash and cash equivalents. For a reconciliation of Adjusted EBITDA to its closest GAAP measure see the Company's FQ4 2026 Earnings Release. Fiscal 2026 cash flow growth reflects accelerated use of tax assets related to the One Big Beautiful Bill Act.

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Fiscal 2027 Outlook

All figures in $M | YoY growth at midpoint

FY'27	Low	High	FY'26 Actual	YoY (mid)
Revenue	$588.7	$615.5	$535.2	**+12.5%**
Adjusted EBITDA	$166.6	$174.0	$148.1	**+15.0%**
Ending ARR growth	$227 +		$197	**+15%**

Guidance is forward-looking; see the Safe Harbor statement (slide 2). Adjusted EBITDA is a non-GAAP measures and ARR is an operational metric; forward-looking non-GAAP measures are not reconciled to GAAP because items such as foreign exchange, restructuring and tax events cannot be predicted without unreasonable effort.

FY'27 Outlook Notes

- Revenue growth of 10–15%
- Adjusted EBITDA growth of 12.5 –17.5%
- ARR growth of at least 15%
- Guidance includes Disruptive Technologies, announced October 1, 2026, with an expected close date of November 30, 2026.
- Particle closed in January 2026

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FQ1 2027 Outlook

All figures in $M except Adjusted EPS | YoY growth at midpoint

FQ1'27	Low	High	FQ1'26 Actual	YoY (mid)
Revenue	$140	$144	$122.5	**+16.0%**
Adjusted EBITDA	$39.5	$41.0	$31.6	**+27.5%**
Adjusted Net Income per Diluted Share	$0.71	$0.75	$0.56	**+30.4%**

Guidance is forward-looking; see the Safe Harbor statement (slide 2). Adjusted EBITDA and adjusted net income er diluted share are non-GAAP measures and ARR is an operational metric; forward-looking non-GAAP measures are not reconciled to GAAP because items such as foreign exchange, restructuring and tax events cannot be predicted without unreasonable effort.

FQ1'27 Outlook Notes

- Revenue growth of 14–18%
- Adjusted EBITDA growth of 25–30%
- Adjusted Net Income per Diluted share growth of 27–34%
- ARR growth of at least 15%
- Guidance includes Disruptive Technologies, announced October 1, 2026, with an expected close date of 11/30.
- Particle closed in January 2026
- Adjusted net income per diluted share includes interest expense of $0.02 - $0.04 per diluted share

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Connect with Confidence

Long Term Goals Update

Jamie Loch, Chief Financial Officer

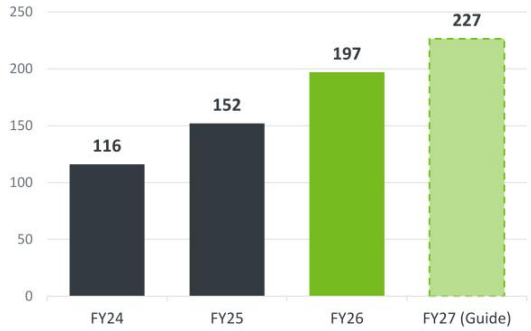
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Five-Year Goals: Marching to $200M ARR | $200M A-EBITDA

Goals set at the beginning of Fiscal 2024: $200M ARR and $200M Adjusted EBITDA within 5 years

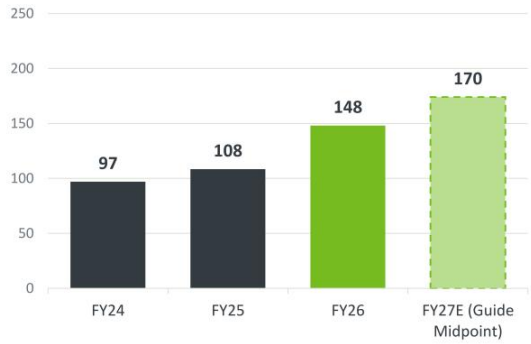
Annualized Recurring Revenue (ARR) ($M)

23% CAGR From FY23 Through FY26



Adjusted EBITDA (A-EBITDA) ($M)

15% CAGR From FY23 Through FY26



FY26 reflects reported results: ARR of $197M (+30% YoY) and A-EBITDA of $148M (+37% YoY), including the Particle and Jolt acquisitions. For a reconciliation of Adjusted EBITDA to its closest GAAP measure see the Company's FQ4 2026 Earnings Release. ARR is an operational metric with no comparable GAAP measure; a description of how the Company calculates ARR can be found in the Company's filings under the Securities Exchange Act of 1934. FY27E (mid) = midpoint of FY27 guidance; TBD pending final guidance. Goals and FY27 guidance are forward-looking; see the Safe Harbor statement (slide 2). CAGRs are calculated over FY24–FY26.

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Connect with Confidence

Q4 2026 Digi International Inc. Earnings Call

Digi International Inc. (DGII) | Earnings Conference Call / Presentation

Wednesday, November 11, 2026, 4:00 PM CT | Minneapolis, MN

Corporate Participants

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer
Ron Konezny, Chief Executive Officer and President

Conference Call Participants

Tommy Moll, Analyst, Stephens
Scott Searle, Analyst, ROTH Capital Partners
Matthew Maus, Analyst, B. Riley Securities
Timothy Shubsda, Analyst, Piper Sandler

Presentation

Operator

Good day and thank you for standing by. Welcome to the fiscal Q4 2026 Digi International Inc. Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question during the session, you will need to press *11 on your telephone. You will then hear an automated message advising your hand is raised. To withdraw your question, please press *11 again. Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Jamie Loch, Chief Financial Officer. Please go ahead.

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer

Thank you. Good day, everyone. It's great to talk to you again and thanks for joining us today to discuss the earnings results of Digi International. Joining me on today's call is Ron Konezny, our President and CEO. We issued our earnings release after the market close today. You may obtain a copy of the press release through the Financial Releases section of our Investor Relations website at digi.com This afternoon, Ron will provide a comment on our performance and then we'll take your questions. Some of the statements that we make during this call are considered forward-looking and are subject to significant risks and uncertainties. These statements reflect our expectations about future operating and financial performance and speak only as of today's date. We undertake no obligation to update publicly or revise these forward-looking statements. While we believe the expectations reflected in our forward-looking statements are reasonable, we give no assurance such expectations will be met or that any of our forward-looking statements will prove to be correct. For additional information, please refer to the forward-looking statements section in our earnings release today and the risk factors section of our most recent Form 10-K and subsequent reports on file with the SEC. Finally, certain of the financial information disclosed on this call includes non-GAAP measures. The information required to be disclosed about these measures, including reconciliations to the most comparable GAAP measures, are included in the earnings release. The earnings release is also furnished as an exhibit to Form 8-K that can be accessed through the SEC filing sections of our Investor Relations website. Now, I'll turn the call over to Ron.

Ron Konezny, Chief Executive Officer and President

Thank you, Jamie. And again, welcome everyone to the Digi's fourth fiscal quarter and full year 2026 earnings call. First and foremost, happy veteran's day to everyone. My father had two tours with the

U.S. Army, so it's a very personal holiday for me, and I want to thank all those veterans for giving our country the greatest honor of service to our nation. With that said, we've got a good agenda for you today. We're going to review fiscal 2026 highlights. We're going to talk about some results and our guidance and give an update on our long-term goals. The key messages for the year, as you recall, we are a customer-driven organization. Customers are our number one priority. We provide them a complete, secure, reliable solution for business and mission-critical applications. We devote about 15% of our revenue to innovation. Innovation spans across hardware, connectivity, software and now increasingly the use and leverage of AI for ROI. We complement this award-winning technology with impeccable service. Our customers need 24/7 expert support, they need flexible solutions, whether they self-manage them or offer Digi to fully manage those solutions. We back that up with a company that's strong, that's thriving, that's executing on its financial and operational priorities. We're happy to announce yet another set of record quarterly revenue, ARR and adjusted EBITDA metrics. And we've delivered results that are above our guidance almost across the board. ARR, which is the biggest sign of customers accepting Digi solutions, is ahead of our target. We combine that financial performance, deploy organic initiatives with that cash we generate, we're able to finance acquisitions with that, pay down the debt through. The synergies we are able to capture, for example, recently we integrated Jolt and Particle into common systems and processes, achieved our financial objectives. We now are on the precipice of our most recent acquisition, Disruptive Technologies, which extends SmartSense into Europe and gets us into new markets with new award-winning sensors. So the idea of acquiring, integrating, generating and compounding has now been established within Digi. The key pillars of our IoT value proposition are a combination of security and in today's world, security is a rapidly evolving and frequently changing landscape. The advent of AI has brought threats that are now happening on a much more frequent basis and we are responding with Zero Trust device authentication and then encryption, automated vulnerability management and. Having certification to the highest standards of carrier grade type security. We combine that with four decades of reliability, high uptime, longevity of devices that carry you through an average of a seven-year deployment, which is what many of our customers see, and really redundant and fault-tolerant systems. Offering scale both in numbers and across geographies. Many of our customers need us to perform across the world. We're managing millions of edge devices. We're cloud native. We're an API first architecture. Our solutions work as well for small businesses as they do the largest companies in the world. And they've got to be easy to use. They've got to be easy to provision, intuitive to use. And get you really the quickest time to value with plug and play hardware and again complemented by expert support. And now with the advent of AI, we've got a fifth pillar, which is really leveraging AI both at the edge and in the cloud to make our systems even more valuable and improving that time to value. We also offer our customers a range of models. As I mentioned earlier, customers can pursue a more traditional model where they purchase our equipment, they use our device management tools, and they really self-manage their solution. They're also increasingly a fully managed solution, but we're offering the complete solution, hardware, software, connectivity services, zero down, monthly fee, and quite frankly, for many of our customers, that better matches the ROI. They don't have a spike of ROI that then tempers over time, they actually build up overall ROI over time and that better matches fully managed solutions for many of our customers. In some cases, the customer never owns the equipment and what we're delivering is outcomes. That outcome may be asset uptime, it may be enhanced security, it may be leveraging field resources more efficiently, but they can really leverage the decades of our experience and excellence and decide how much effort they want to put into their IoT solution. We've had success across multiple verticals. We've been a long supplier to infrastructure, utilities and energy. We're providing connectivity for the smart grid, for meters and for renewable solutions, for our routers and gateways and road manager solutions are very popular. We're very involved in the healthcare industry, both with medical devices through our Particle by Digi division, but also with SmartSense. We're providing temperature monitoring for sensitive medical applications. In our Opengear division, we provide out-of-band management for both data centers and edge solutions across the globe. We're also involved in retail and point of sale. We're providing

really drop-in networking for the use of our Digi routers and managed services. Transportation, we are frequently deployed in a number of mass transit solutions where our DigiTX routers are used for visibility of fleet telematics and enabling ridership Wi-Fi, digital signage, and other solutions. And lastly, we participate in a number of industrial manufacturing opportunities where Particle by Digi, XBee and ConnectCore solutions provide secure reliability and connectivity for remote assets. As I mentioned earlier, we've developed a flywheel over my soon to be 12-year tenure. We are using a global database of solutions to stores and eventually identify acquisitions that we think can be accretive to the value proposition for our customers and, of course, to our operational model. We acquire those companies using debt that protects the Digi shareholder and making sure that we're building value that will accrue to the stock price, not just market capitalization. We then integrate those companies and we take pride in integrating them into our systems, into our culture, into our processes. We then leverage growth opportunities through cross-selling and we also then look at, when appropriate, cost-based synergies on cost of goods, on manufacturing, and implement our quality initiatives. We then generate strong cash. That ARR-focused solutions provider really generates cash with a capital-light model that we can then use to repay that debt, lever down and allow us the opportunity to pursue additional acquisitions. Our recent acquisitions of Jolt and Particle were the last two years, we now have Disruptive Technologies that's pending. On Disruptive Technologies, we are joining forces with a company that has, we think, the world's leading IoT sensor. As you can see here, smaller than the postage stamp, incredible versatility, and the types of things that can measure. In its battery life, which is up to 15 years, ease of deployment, and driving ROI in some of the most unexpected places. We are purchasing Disruptive Technologies for $130 million of cash, which we're going to be funding from our credit facility. We expect it to generate $9 million in incremental adjusted EBITDA in our fiscal 2028 period. It is subject to regulatory approval, which we expect to receive this month. And our forward guidance includes assuming Disruptive Technologies joins Digi on November 30. In Calendar '25, you can see Disruptive Technologies had more of a one-time financial model where they sold sensors and had a lower subscription fee. They've deployed over 250,000 sensors. The majority of those are in Europe and many times through channel partners. Digi's model is to flip this on its edge and that recurring revenue will be the focus and we're going to be embedding those sensors into a subscription rather than having them sold separately one time. We think that's in the customer's best interest. It closely matches their outcomes and of course helps us build ARR. Why did we choose Disruptive Technologies? As I mentioned, best-in-class sensing, small sensors, 15-year battery life, and unique protocol we think is industry leading and allows us to gain an edge. It also has additional sensing capabilities that we don't offer today or we offer through third parties. We enter the European market. We are taking SmartSense on the road. We're going to leverage the relationships and channel partners that Disruptive Technologies has in place across over 20 European companies. We enter new markets of building automation, occupancy and further extending SmartSense food and healthcare markets. As I mentioned, we're going to be transitioning DT to a subscription model. And it's going to provide even more data that establishes really the foundation for leveraging AI. We're really putting live data generators out there in the physical world. As I mentioned earlier, it will be financially accretive to Digi, especially in 2028 fiscal period where we have gone through most of our integration and are able to then accelerate its growth. I'm going to pass it over to Jamie for some comments on our results and our fiscal '27 guidance.

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer

Hey, everyone, nice to see you. What a great year, a milestone year for Digi. I'm in the fortunate position to be able to share the output that comes with all the things that Ron had previously talked about. So for Q4, we just had a banner year, record quarterly revenue, record ARR, record adjusted EBITDA. Our revenue growth was pretty evenly split this quarter. About $16 million of that revenue growth came from one-time revenue, with about $13 million coming from recurring revenue. Our operating leverage, which is also a really great thing to see. Our operating expenses fell in Q4 to

47% of revenue, which is down year-over-year from 51%. Gross margins are down a little bit this quarter, but as we've talked about, we are in the range of low-to-mid 60s, which is really the right range for us to play in. That revenue mix is going to be a partial driver from ARR growing faster than revenue, but inside then of that one-time revenue, there is product mix that will kind of get us inside of that range and we're firmly comfortable in that range right now. As we look deeper into our results into our segments, you can see we have strong performance again inside of both of our segments. Our IoT products and services business is up nearly 30% in revenue year-over-year with a 320 basis point improvement in operating margin year-over-year and 100% increase in our ARR. That ARR increase is impacted by our acquisition of Particle, but there is also a nice organic growth that is taking place inside of that number. In our Solutions business, 20% revenue growth with a nearly 600 basis point improvement in our operating margin year-over-year. An 11% increase in our ARR number. And you can see that ARR number is right on the edge of 200, which we'll talk about here in a minute. That wraps up then for the year and what an absolutely incredible year it was for Digi. Record revenue, record ARR, record adjusted EBITDA. You can see nearly 25%, 24% to be exact, on revenue growth. That revenue growth is really split about 50/50 between one-time and recurring. Strong operating margins, strong GAAP EPS, continued growth in our adjusted EBITDA and our adjusted EBITDA margins. Our operating leverage fell for the year to 49% from 50% for the full year. Gross margins went down a little bit in Q4 on the heels of what was very strong margin performance for the year was up year-over-year on fiscal '26. So just an absolute record year, phenomenal performance by all of our teams. It's great to see it manifested in the P&L. It's a good sign that customers are getting the services and the support that they need to hit their critical objectives. Ron talked about the flywheel. One of the things that Digi is very proud of is kind of old school fundamentals. We generate profits and we generate cash. In this quarter, we generated $42 million in cash. That puts us over our adjusted EBITDA number for the year, $153 million of cash for the year. That leads to a debt balance of gross at $69 million, but really from a net debt perspective, when you look at the cash on hand, we're right at $39 million, well below even a one-time lever. So at this point, it's just phenomenal to see the flywheel fully into effect. It puts us in a position to execute on Disruptive and follow the same pattern where we will generate cash and move that debt down. Moving into our guidance for fiscal '27, we are right now projecting that our ARR growth for fiscal '27 will be at least 15%. For the year, we're anticipating revenue growth to be between 10% and 15%. We're anticipating our profit growth to be between 12.5% and 17.5%. This guidance, as Ron indicated, does include Disruptive Technologies that was announced on October 1. We are anticipating a close date of November 30. And as a reminder, Particle closed in January of 2026. You can see on the chart on the left where it kind of lands from a midpoint perspective with those ranges in terms of dollars. Very excited to see continued double-digit growth throughout all three areas of our main P&L lines. Specifically for Q1, we are anticipating revenue growth to be between 14% and 18%, Adjusted EBITDA growth to be between 25% and 30% and our adjusted net income per diluted share to have growth of 27% to 34%, which is an assumption on 39.5 million shares. Again, the guidance includes Disruptive Technologies closing on November 30, reminder that particle closed in January. The adjusted net income number per diluted share does include interest expense, which we anticipate to be between $0.02 and $0.04 per diluted share for FQ1. We mentioned this briefly on our main five-year goals, we had indicated at the end of 2023 that we wanted to have $200 million in ARR and $200 million in adjusted EBITDA by the end of '28. You can see that based on our guide, we would expect to be able to deliver on that ARR objective here in '27, which is a year early. You can see on the adjusted EBITDA at the midpoint, right, we've got a little bit of work to do. It is a 15% CAGR through from the time we set the goal through '26. And so we fully anticipate that we will meet this objective by the end of '28 as we originally outlined. But just absolutely phenomenal performance. It's great to see us continuing to execute on the objectives that we've laid out and continue to deliver on the commitments that we've made. So with that, we will take your questions. And so operator, please provide our participants instructions to ask a question.

Questions and Answers

Operator
Thank you. As a reminder to ask a question, please press *11 on your telephone and wait for your name to be announced. To withdraw your question, please press *11 again. Please stand by while we compile the Q&A roster. And our first question comes from Tommy Moll of Stephens. Your line is open.

Tommy Moll, Analyst, Stephens
Good afternoon. Thanks for taking my questions.

Ron Konezny, Chief Executive Officer and President
Hey, Tommy.

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer
Good afternoon, Tommy.

Tommy Moll, Analyst, Stephens
I wanted to start with the demand update. What can you tell us about the opportunity pipeline? And I know the Days to Win KPI is one that's helpful, so please give us an update there.

Ron Konezny, Chief Executive Officer and President
Let me start with the funnel, the pipeline. It's up double-digits. It's actually the highest it's ever been. I'm going to have Jamie comment on some of our progression of those opportunities, but we're seeing great deal registration, great channel participation, and our direct selling business units within solutions are also seeing, really, record pipelines.

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer
Yeah, Tommy, I think in the days to win, it continues to improve. I think there was maybe a little bit of a slowdown in that improvement. I think the elections bring or brought at least a level of uncertainty and maybe a little bit of wait and see, but they continue to improve, which is the good sign. I would say they are not back to pre-COVID levels, but they are improving sequentially and they continue to improve year-over-year. So we continue to see that moving in the right direction.

Tommy Moll, Analyst, Stephens
Thank you both. And then I wanted to ask about the recurring revenue guide, 15% for the year. Even if I strip out Disruptive, I think it would still imply maybe like a 13% growth rate. So solidly double-digit and pretty healthy. What gives you the confidence that you can execute at that level in the coming four quarters? Thanks.

Ron Konezny, Chief Executive Officer and President
Tommy, great question. I think some of the data we shared on the pipeline and being predictive about how those opportunities are going to progress throughout the sales stages and ultimately win rates, it's giving us a lot of confidence that we've got a good handle, especially over the external factors. But we've got enough, I think, history experience. We've got brand new products. I think we're leading in IoT AI deployment, both at the edge and at the cloud and I think customers with the risk that's being increased almost daily with security and support, customers are increasingly saying what, I can't do this internally anymore. I need help. I need to manage my IoT assets as actively and carefully as I do my IT assets. And I think that goes right into Digi's value proposition.

Tommy Moll, Analyst, Stephens
Thank you, Ron. I'll turn it back.

Operator
Thank you. And our next question comes from Scott Searle of Roth Capital Partners. Your line is open.

Scott Searle, Analyst, ROTH Capital Partners
Hey, good afternoon. Thanks for taking the questions. Nice job on the quarter. Nice to also see continued strong growth into fiscal '28.

Ron Konezny, Chief Executive Officer and President
Yeah, thanks, Scott.

Scott Searle, Analyst, ROTH Capital Partners
On the supply chain and gross margins, a little bit challenged this quarter but still well within the targeted range. I wonder if you could just talk us through some of the puts and takes in terms of what you're seeing out there. There's a lot of talk not just about memory but certainly extended lead times and other components. How are you guys managing that and how that's kind of crafting your outlook for gross margins over the next couple of quarters?

Ron Konezny, Chief Executive Officer and President
Yeah, Scott, you mentioned it's a difficult environment out there. The AI data center surge and build out has really put a lot of pressure on the supply chain, especially memory. But it's spilled over into other components as well that are fighting for capacity all the way down to the fab level. I can't give our team enough credit in collaboration between the demand side of our equation within our business units and, of course, our supply chain professionals. They are out there taking advantage of decades-long relationships with both first and second tier type of providers in coordination with a global set of contract manufacturers. We have both cost challenges and allocation challenges. We're fighting through those allocation challenges pretty well. The cost challenges, quite frankly, are unavoidable. We're being very thoughtful and surgical down to the SKU level of when we can use price to help capture some increased costs and, quite frankly, where we can't and we're always being mindful of that solution revenue to make sure we're not putting our AR at risk. We're playing a long game with our customers. We don't want to take advantage of any kind of one-time or transitionary increase in pricing. We do think eventually memory pricing will stabilize. None of us know exactly when, but I think I'm really proud of the team for fighting through it.

Scott Searle, Analyst, ROTH Capital Partners
Great. Thank you. And if I could follow-up on Opengear and out of band management, just wonder if you give us some thoughts in terms of what you're seeing overall demand, kind of the growth expectations there, particularly when you look at some of the opportunities for you, whether it's in NeoCloud or hyperscalers, which you guys have not historically participated, how should we be thinking about that opportunity as we enter fiscal '28?

Ron Konezny, Chief Executive Officer and President
Yeah, the Opengear team is a great team with a great leader. They're having really broad-based growth. And what I mean by that is both campus and edge deployments, in addition to data center opportunities, they're growing as strongly in Europe and APAC and LATAM as they are in the US. I mean, they've really become a bit of a global standard within smart out-of-band console server and we're excited to try to continue that success. By landing potentially a hyperscaler, that's a long road, and we're very well along that road. There are no guarantees, but we're fighting hard. In many cases, we do business with them, but not in their core cloud business, but with their IT groups or with maybe smaller offerings that are not as large and central as their core data center application. But we're really excited about some of the progress we're making.

Scott Searle, Analyst, ROTH Capital Partners
Great, thanks so much. I'll get back in the queue.

Ron Konezny, Chief Executive Officer and President
Thanks, Scott.

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer
Thank you.

Operator
And our next question comes from Matthew Maus of B. Riley Securities. Your line is open.

Matthew Maus, Analyst, B. Riley Securities
Hi, thanks for taking my questions and congrats on the strong close to the fiscal year. Quickly go over ARR again. In terms of Disruptive, I'm wondering how quickly do you expect Disruptive's customers to move to the SmartSense subscription model and how do you think that shapes ARR for fiscal '27 and beyond?

Ron Konezny, Chief Executive Officer and President
It's a great question. We haven't quite closed the transaction yet, so a lot of this execution is yet to remain. There's a lot of course planning discussions happening between. The teams right now, we're going to be very deliberate and careful, and '27 will be year of transition. If you recall, a lot of disruptive technologies relationships are through channel partners. So there's a combination of working directly with end users, but also working closely with the channel partners, both in Europe and in the U.S. So we do think it will take some time to transition. We're patient, we're long-term thinkers, we're going to be very deliberate and thoughtful, but we do think that transition will happen over time. But it will be a very thoughtful. Gradual, it won't be a snap-the-chalk type of transition.

Matthew Maus, Analyst, B. Riley Securities
Got it. It sounds good. It was also great seeing a strong outlook for fiscal '27. Pretty sure the slides mentioned includes Disruptive. So I'm just wondering how we should think about the organic growth embedded in that 10% to 15% range and what would get you towards the upper end?

Ron Konezny, Chief Executive Officer and President
Yeah, it's Disruptive Technologies that we just talked about, it's going to be a little different than what they've experienced historically, where historically they would see very strong growth rates on the one-time ARR, not maybe as strong because the revenue model was much more one-time oriented. So you're going to see really a shift from that one-time growth into recurring. Recurring will then much more closely match the Digi model where recurring revenue grows faster than that one-time.

Matthew Maus, Analyst, B. Riley Securities
Got it. And last one for me, just in terms of for the future, which end markets are you most excited about for the near term, data centers, utilities, healthcare, or some other?

Ron Konezny, Chief Executive Officer and President
I'm sorry, Matthew, I think we've lost you a little bit in the audio. I believe you might be asking about where we're seeing pockets of strength in verticals.

Matthew Maus, Analyst, B. Riley Securities
Can you hear me now?

Ron Konezny, Chief Executive Officer and President
Yeah, we got you now.

Matthew Maus, Analyst, B. Riley Securities
Yeah, so in terms of end markets, I'm wondering like what you're most excited about for the near term. Is it data centers, utilities, healthcare or some other?

Ron Konezny, Chief Executive Officer and President
Yeah, we touched on it earlier in the presentation and those verticals we touched on and you can see how diverse our business is and how different product lines have different strengths. So in healthcare, SmartSense and our particle by Digi have great success in utilities. We have great success in cellular routers. Thank you, Jamie. We do a lot of work with our Ventus by Digi solution in financial services and point of sale. So these are the verticals we are most excited about that we think are really powering our growth, both in the past and we think into the future.

Matthew Maus, Analyst, B. Riley Securities
Great. That was all for me. Congrats on a strong quarter. I'll hop back at you.

Ron Konezny, Chief Executive Officer and President
Thank you, Matthew.

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer
Thank you.

Operator
And our next question comes from Timothy Shubsda of Piper Sandler. Your line is open.

Timothy Shubsda, Analyst, Piper Sandler
Hey guys, it's Tim on for Harsh here. Thank you for taking our questions. Just wondering if you could kind of talk about how you guys are feeling about supply versus the level of demand that you've been seeing in terms of like your 2027. How are your supply levels in terms of like your guidance? Are you kind of on track or do you have ample supply? Do you still need to go out and get some more?

Ron Konezny, Chief Executive Officer and President
Yeah, Timothy, it's a really good question. We generally are in the mode where demand is not as big a challenge as supply is. And as I mentioned, we've got just a great collaboration between our product lines, understanding their demand, educating their customers on lead times. And of course, our supply chain group really. Resourcefully finding all of the components we need, not always at the price we'd like, but nonetheless fighting through this. We also are having to look farther out than we have traditionally. A lot of times we're looking out six months on our demand planning. Now we're having to go to nine months, in some cases as far as 12 months. And it is a really careful message that we manage with our customers. Of course, we've got SKUs that are high runners and we're using a lot of historical demand numbers to help guide. But then there are some other SKUs that are more unique to certain applications or customers. And those, we have to have really collaborative discussions with our customers that are seeing either increases in their business or having to offer a new market or new offering. And we're having to get them to commit earlier to make sure we've got the product to meet their timelines.

Timothy Shubsda, Analyst, Piper Sandler
Got it. Thank you. And you guys have mentioned kind of security here kind of being a little bit of a motivating factor for customers. In terms of just general customer behavior, have you guys been seeing like more of a pull-in, any push-outs or anything to comment on there?

Ron Konezny, Chief Executive Officer and President
Yeah, we don't see any dramatic pulling in or pushing out. Our price increases when they do go in effect for certain SKUs have been pretty modest, single-digit type of situation. So not enough to really dramatically change behavior. I'd say lead times has probably been a bigger opportunity for us to work through to make sure people are thinking three, six, in some cases, nine months out on their demand side, recognizing that some of these solutions may be harder to procure or take more time. But we're not seeing significant pull in or push out. We still think customers are really ROI driven. And in some cases, our best prospect is a customer that's been managing their own IoT solution internally and have realized, boy, it is no longer set and forget it. You have to really actively manage these solutions. You have to have security staff that are monitoring CVEs, putting patches and solutions in place and then be able to get those solutions out to these edge devices via an automated software platform in addition to protecting your cloud and API assets. So I think this day of managing internally is becoming more and more burdensome for those companies that have chosen that path.

Timothy Shubsda, Analyst, Piper Sandler
Got it. Thank you so much.

Ron Konezny, Chief Executive Officer and President
Thank you, Tim.

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer
Thank you. Thank you.

Operator
And we have a follow-up from Tommy Moll of Stephens. Your line is open.

Tommy Moll, Analyst, Stephens
Just a question on the first quarter guidance, Jamie. EBITDA dollars are guided down sequentially. What can you highlight as a driver there?

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer
Yeah, Tommy, I think maybe a couple of things. One, based on a lot of what Ron has talked about relative to the supply chain, I think we're maybe guiding a little bit more of the margins to be in the middle of our kind of range as opposed to on the higher end. And so I think we'd probably see them maybe being down a little bit. I think as you walk into the first quarter, there are certain expenses that occur in the first quarter that don't occur at the tail end of the year due to some seasonality that takes place. And so it's that combination that maybe has you tick down on a sequential basis.

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer
And seasonally for our IoT product and services segments where they do really all their work through channels, a lot of channel partners really like to tighten up their inventory positions prior to their fiscal year end. So fast Q1 has traditionally been the slower start for our year.

Tommy Moll, Analyst, Stephens
Great. Thanks for the insight. That's all I needed.

Ron Konezny, Chief Executive Officer and President
Thanks, Tommy.

Jamie Loch, Executive Vice President, Chief Financial Officer, and Treasurer
Thank you.

Operator
And we have a follow-up from Scott Searle of Roth Capital Partners. Your line is open.

Scott Searle, Analyst, ROTH Capital Partners
Ron, 2 quick follow-ups. First on Disruptive, given the battery life and the overall RF performance of the solution. I'm wondering if you're thinking about is driving it as something more broad. For instance, cellular and Wi-Fi are standards-based solutions, but we've also had non-standards-based solutions that became de facto places in the marketplace, things like LoRa. And so I'm wondering if you're thinking about this more broadly or too early to contemplate on that front?

Ron Konezny, Chief Executive Officer and President
That's a good question, Scott. I think our first stage in thinking about this is actually internally beyond SmartSense. So we're going to get the solution in the hands of our cellular business unit, our Opengear business unit, our particle business unit so they can better understand the technology and look for applications. So for example, we service a lot of financial institutions. We provide connectivities to their ATMs. Disruptive Technologies has a door open, door close solution. Very potentially great feature for ATM customers to know when that SAFE has been accessed, right? Coordinating that with their field services resources. There's a lot of those applications we think we can unlock in a data center. A lot of these conditions need to be monitored, temperature, water, humidity in some cases. So we think there's some great opportunities there to monitor our customers' IT assets and the environment that surrounds them. So we think that first step is really leveraging it internally. There certainly is the potential to take our show on the road, especially with the Particle group that takes this type of technology, puts it in a package like an XBee or a ConnectCore, and then allows others to incorporate this technology into their devices. That's going to be a little bit farther out. Embedded solutions take time. But I think we've got a lot of opportunities internally beyond SmartSense.

Scott Searle, Analyst, ROTH Capital Partners
Very helpful, thanks. And if I could is, as I look out at the landscape, what you guys do very well in addition to connectivity is reliability and security thrown on top of that and you're bringing edge processing to the equation. So with that stated, markets that come to mind are things like defense tech, drones, robotics, which we haven't heard you guys talk a lot about. So I'm wondering if you could kind of frame the opportunity for you, I'll call it the other nuances that go along with them. And those verticals or do they just not have enough interest given?

Ron Konezny, Chief Executive Officer and President
No, it's a very good point you bring up, Scott. And you've seen some other companies that have had success in Defense, Aerotech. That's not traditionally an area that we've had a lot of exposure to. And we're seeing that if you can get a snowball going in those verticals, they can develop into a reliable source of customer satisfaction and, of course, revenues for us. So we do a little bit of work in that area, not quite as much as we'd like. We talk a lot about devoting resources specifically to high-growth applications, and those are certainly a few of them that come to mind.

Scott Searle, Analyst, ROTH Capital Partners
Great, thanks so much.

Operator
Thank you. I'm showing no further questions at this time. I'd like to turn it back to Ron Konezny for closing remarks.

Ron Konezny, Chief Executive Officer and President

Say thank you, and I want to thank everybody for joining the call today. The results of what's really been a breakthrough fiscal 2026 for Digi. I want to thank, first and foremost, our team. This is a team sport. I can't be prouder of our leadership team, the entire company collaborating both on their business units and functional areas, but also we survey the market, both Digi and non-Digi customers. We always come out top on reliability, quality, service and support, and that's a testament to the team. I want to thank our suppliers as well. Without them, we can't build these great solutions that our customers enjoy. We're going to be at the Stephens Growth Conference next week in Nashville. So please, if you have time, say hi to us, and we'll be able to share more of our story at that event. So I want to thank everybody for joining the call, and we're looking forward to our next update.

Operator

This concludes today's conference call. Thank you for participating, and you may now disconnect.