



Investor Presentation

May 2021

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 Form 10-K and other periodic filings with the Securities and Exchange Commission.

Digi's Industrial Internet of Things Investment Highlights



Massive market opportunity with growth in software and services to connect “things” in a touchless world



Highly experienced leadership team with track record of strong execution



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



History of strong revenue, gross margin, and recurring revenue growth



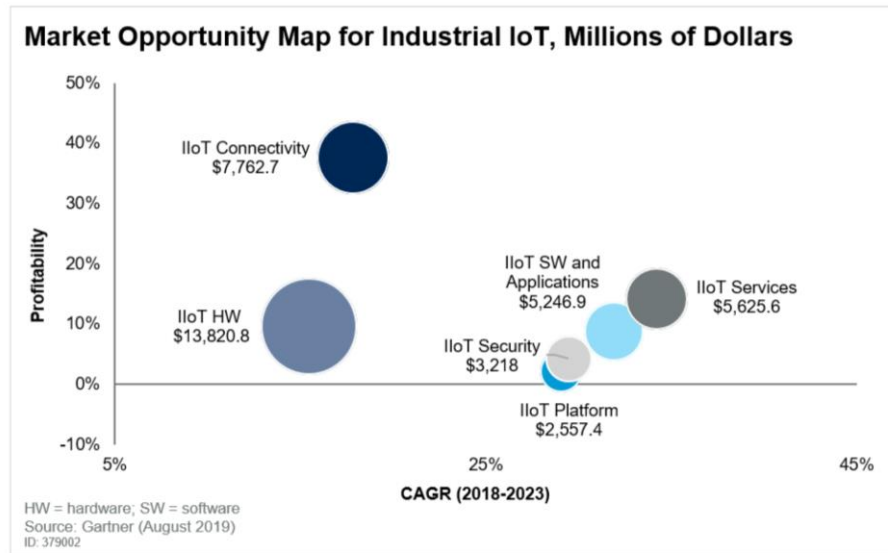
Vertical market expertise and success with blue chip customers



Increasing profitability and cash generation combines with pristine balance sheet

Estimates Vary, But IIoT Market is Large and Growing

- Total 2023 market opportunity in excess of \$38B driven by CAGR of over 15%
- Building blocks of Hardware (HW) and Connectivity fueling faster growing software, applications, and services segments
- Today's profitability centered on building blocks, but profitability will improve in faster growing segments, over time



Digi Transforms Work by Connecting the World's People and Machines

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

- Reliance on Digi's experience, strength, and quality products

Digi differentiates by providing software and service enabled hardware supported by responsive and knowledgeable resources

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



RELIABILITY



SCALABILITY



SECURITY



MANAGEABILITY

Strength In Numbers

DGII

NASDAQ

1985

Year
Founded

650+

Employees
Worldwide

16

Consecutive Years
of Profitability

279

Million In
F20 Revenue

15%

Profit
Margins

A green background featuring a network of white lines connecting various circular icons. The icons include a flame, a bar chart, a Wi-Fi symbol, and an airplane. In the bottom left corner, there is a detailed illustration of an industrial facility with tall distillation columns and piping.

**PRODUCTS &
SERVICES**

DIGI'S IOT BUSINESS SEGMENTS

A blue background showing a hand holding a tablet computer. The tablet screen displays a technical drawing or a data visualization. The background is slightly blurred, focusing attention on the tablet.

SOLUTIONS

IoT Products & Services: Profitable Growth

- Investing in software, service, and subscription providing more valuable solutions that generate Annual Recurring Revenues (ARR)
- A significant portion of segment sales are through a global network of distributors, systems integrators, value added resellers ("VARs") and direct sales

\$250M

FY20 Revenue

52%

FY20 Gross Margin

\$12M

3/31/21 ARR

BUILD

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



XBEE® ZIGBEE



CONNECTCORE® 6UL

DEPLOY

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



IX20



OM2200

MANAGE

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



DIGI REMOTE MANAGER

OPENGear LIGHTHOUSE

Broad Vertical Expertise and Success

ENERGY



SMART CITIES/ TRANSPORTATION



HEALTHCARE



AGRICULTURE/ HEAVY MACHINERY



INDUSTRIAL



RETAIL



A Recognized Market Leader



“Every promise Digi has made, they’ve delivered on – and that’s huge. They have reduced our risk, improved our product, and accelerated our timelines. You can’t ask for much more than that.”

*Erich Hoefflerle
Engineering Manager - Evoqua*



“Digi’s solution was flexible enough to take the data and send it real-time to our cloud environment. Digi also showed it could scale up to support our global footprint.”

*Ezhil Nanjappan
Otis Elevator Director of IoT and Mobility Solutions*

Awards and Recognition



IoT Solutions: Getting and Keeping Sites

- **Branded SmartSense**, this business provides condition monitoring and digital task management services to ensure the safe and efficient distribution, handling, and storage of food and medicine
- **We sell directly to the Health Care, Food Service, and Logistics verticals**

~77,000

3/31/2020 Sites Active

80%

Recurring Rev GM%

\$22M

3/31/2020 ARR

MONITOR

- Automatically records key conditions (temp, humidity, air pressure)
- Guide field workers to comply and record key tasks



B SENSOR



Z SENSOR

COMMUNICATE

- Bluetooth and Zigbee gateways
- GPS Capable
- Highly secure



BZ GATEWAY



B GATEWAY

MANAGE

- Guides workflow through digital management
- Alerting when out of compliance
- Leverages analytics to drive unique insights



Vertical Expertise and Success

Food Service	Transportation & Logistics	Healthcare	Education	Retail
				
<ul style="list-style-type: none"> • Streamline operational checklists • Monitor hot/cold equipment and inventory • Fulfill HACCP, FSMA and company policies 	<ul style="list-style-type: none"> • Real-time asset tracking • Conditions of trailer and shipments • Eliminate manual logs • Simplify FSMA compliance 	<ul style="list-style-type: none"> • Protect and keep medicine safe • Eliminate manual, labor intensive logs • Compliant with CDC and State Pharmacy Board guidelines 	<ul style="list-style-type: none"> • Save inventory • Reduce labor costs • Put food and student safety first • Exceed HACCP compliance 	<ul style="list-style-type: none"> • Monitor equipment and inventory • Streamline operational checklists • Reduce product and labor waste • Improve food safety

Growing Sites Through Pandemic Shows Value

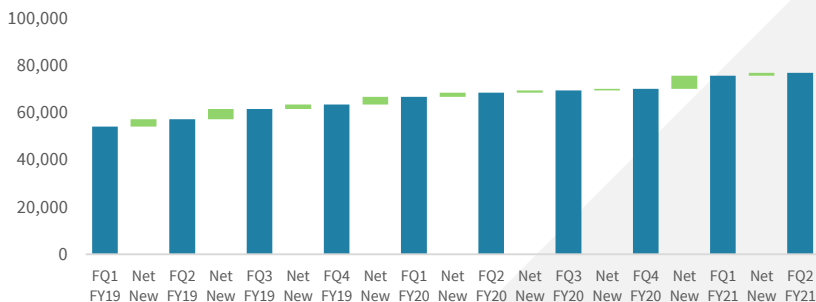
“By implementing IoT throughout the store, your accuracy for temperature monitoring goes through the roof. You know that regular temp checks are being done without having to worry about detracting teammates from taking care of customers.” Vice President, IT



“We are always looking for ways to strengthen our already rigorous quality assurance procedures and safety measures, so we say the value in a continuous remote monitoring system for our refrigerated pharmaceuticals and vaccines. We chose SmartSense because we wanted an experienced partner that shared our commitment to safety.” Manager, Operations



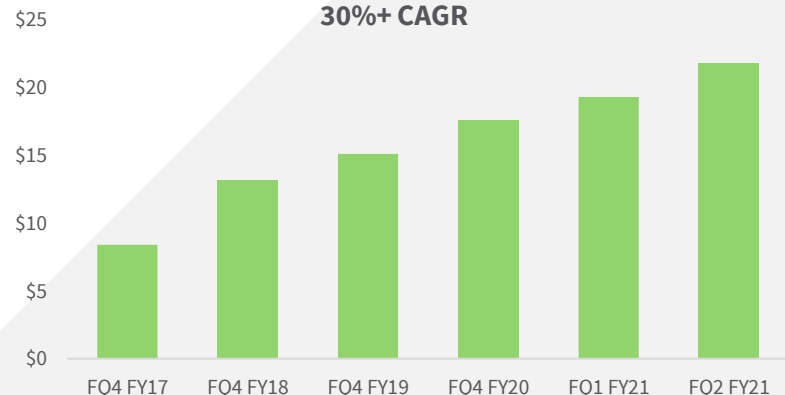
SmartSense Sites



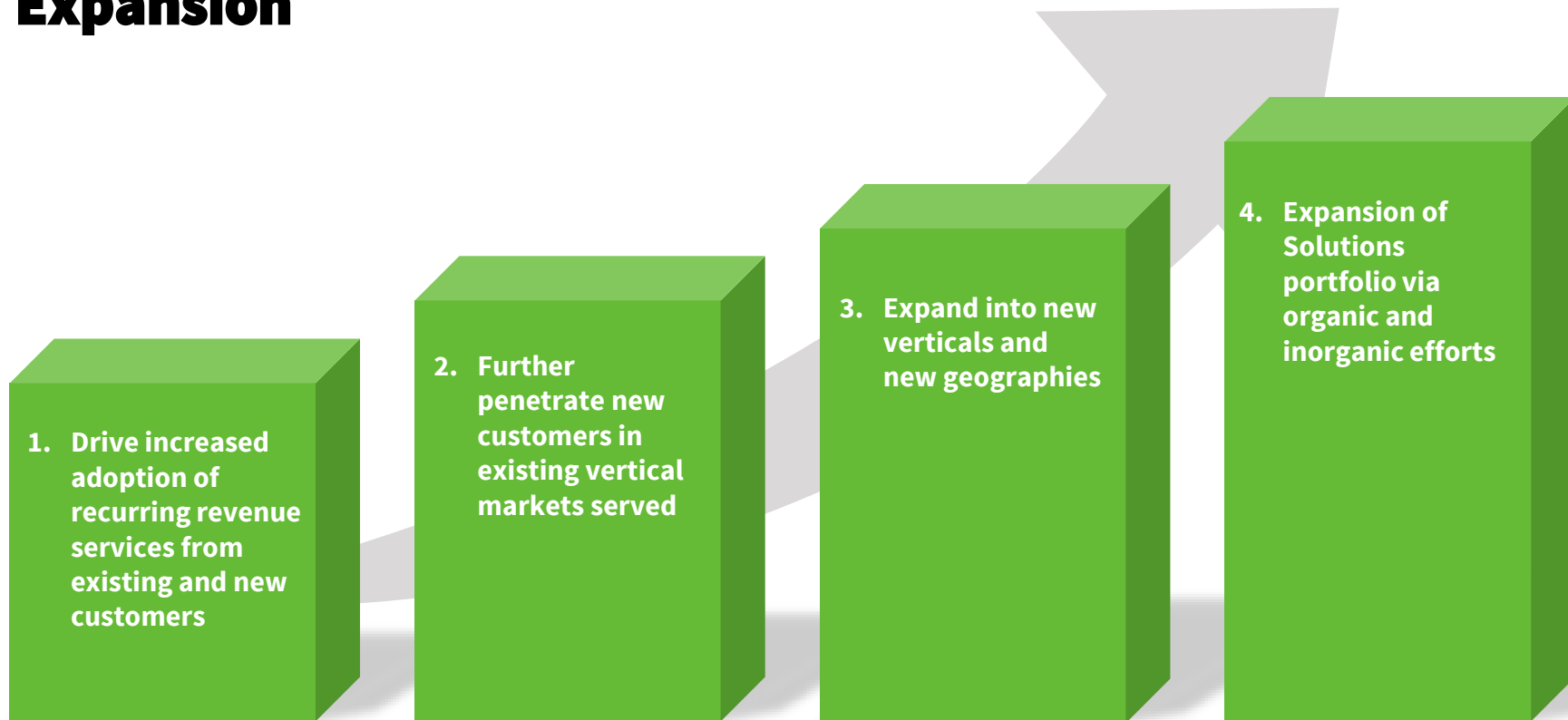
SmartSense ARR

(\$ millions, fiscal year)

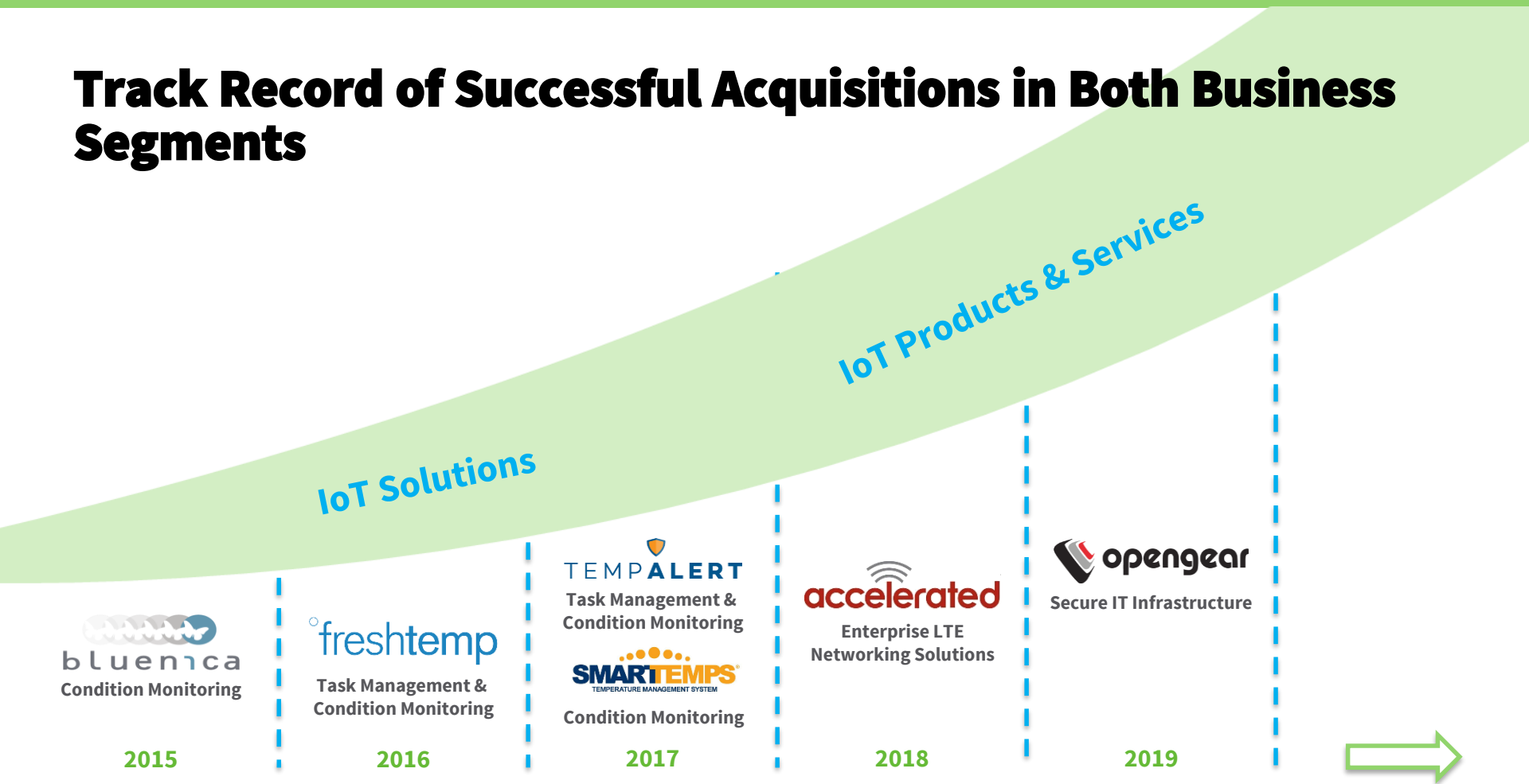
30%+ CAGR



Multiple Levers for Long-Term Growth and Market Expansion



Track Record of Successful Acquisitions in Both Business Segments



Highly Experienced Management Team

Highly Motivated, Expert Leadership Team

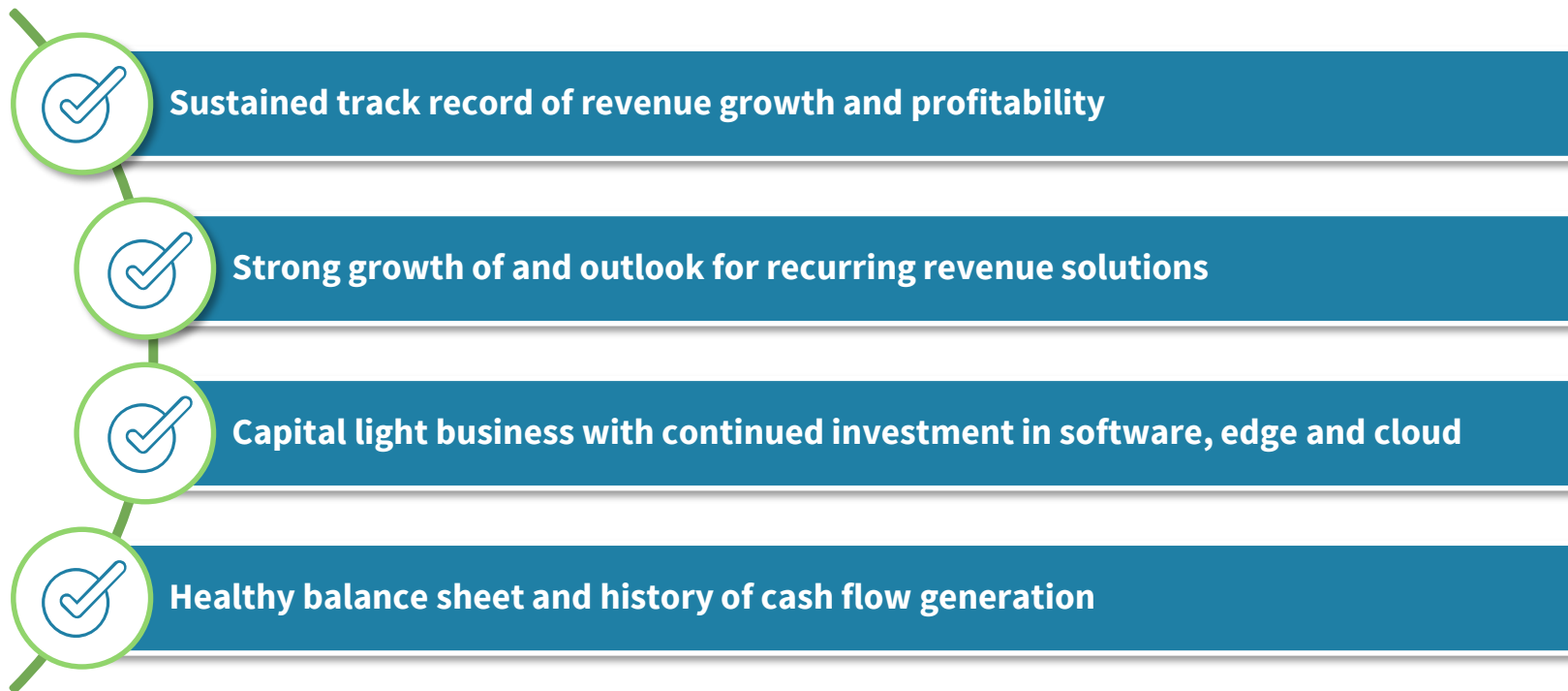
Significant Experience Working Together

Unrivalled Understanding of the Market

Strong Track Record of Execution

	Position	Select Experience
Ron Konezny	President and Chief Executive Officer	  
Jamie Loch	SVP, Chief Financial Officer, and Treasurer	 
Dave Sampsell	VP, Corporate Development, General Counsel & Corporate Secretary	
Tracy Roberts	VP of Technology Services	 
Terry Schneider	VP of Supply Chain Management	  
Mike Ueland	General Manager, Cellular Router	 
Kevin Riley	President, IoT Solutions	  
Gary Marks	General Manager, Opendgear	  
Steve Ericson	General Manager, OEM Solutions	
Brian Kirkendall	General Manager, Infrastructure Management	  

Financial Highlights



Recurring Revenue Growth Outpacing Top Line Growth

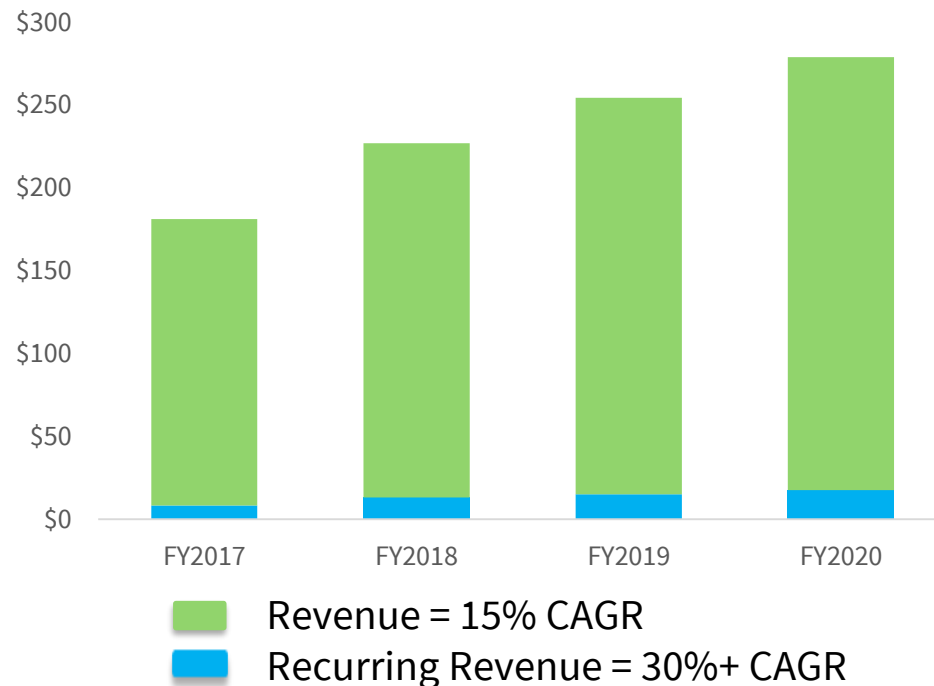
Revenue Growth Drivers:

- Growth of cellular IoT
- Data center and edge deployments
- Solutions growth
- Acquisitions

Recurring Revenue Growth Drivers:

- IoT Products & Services: increase in remote management attach rates, increase in pricing, additional offerings in service and connectivity
- IoT Solutions: increase in new sites, strong (>95%) retention rates, additional business with existing sites

Revenues (\$ millions)



Gross Margins >50%; A-EBITDA Margins >15%

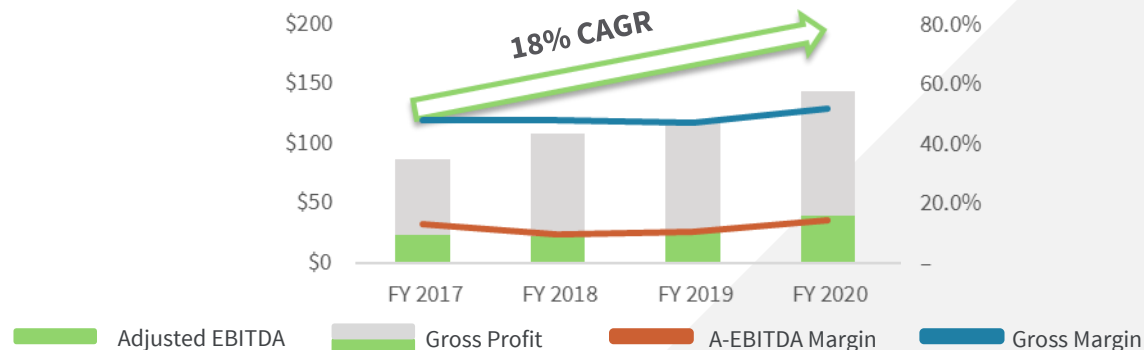
Margin Drivers:

- ↑ Increase of High-Margin Recurring Revenues
- ↑ Opengear Acquisition
- ↑ Increase in IoT Solutions

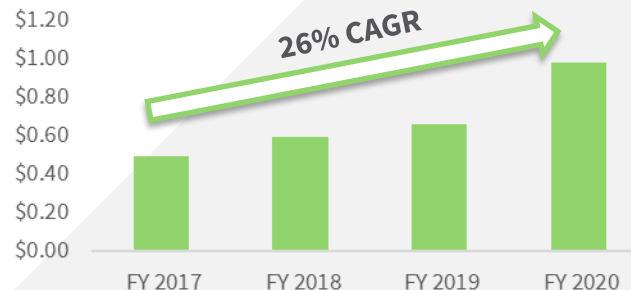
A-EPS Drivers:

- ↑ Revenue Growth
- ↑ Improved Profitability
- ↑ Non-Dilutive Acquisitions

Gross Profit and Adjusted EBITDA



Adjusted EPS



Capital Light, Strong Cash Flow, Strong Balance Sheet

Capital Light:

- Average <\$3M in capital expenditures, annually
- Digi owns design, and relies on third party manufacturers
- Investing in software, edge and cloud

Strong Cash Flow:

- Cash ~90% of A-EBITDA
- Paid down >\$60M in debt in CY20
- Improving DSO

Strong Balance Sheet:

- \$2M in Net Cash, with <2% annual interest rates on debt
- Sensible inventory position
- Low reserves



Connect with Confidence