



# Investor Presentation

November 2024

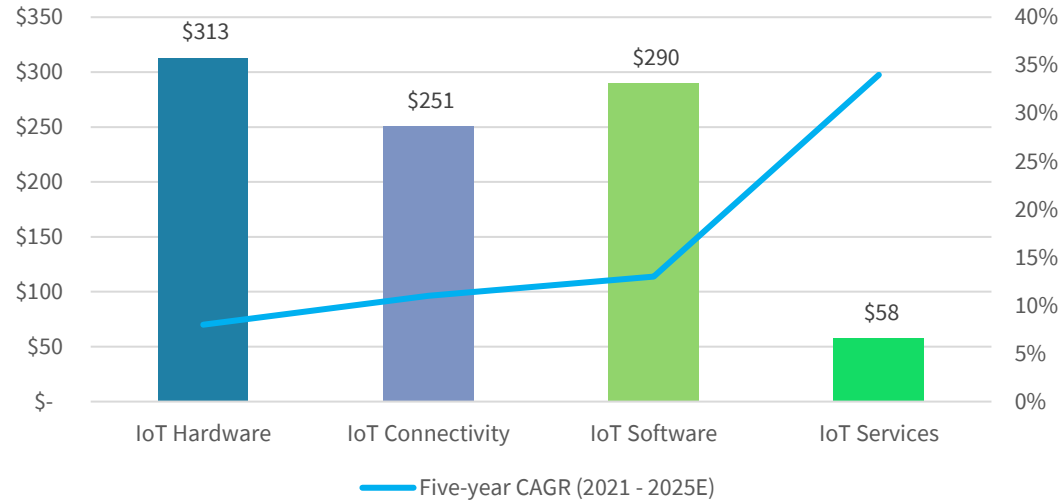
# Safe Harbor

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

# The IoT Market is Large and Growing

- Total 2025 market opportunity >\$900B with the spectrum of IoT technologies growing at a CAGR between 8% and 34%
- Historically, hardware and connectivity drove growth. Now, growth is fueled by faster growing software, applications, and services segments
- The profitability opportunity is driven by growing high margin annual recurring revenue in security, software and services

## IoT Tech Stack Market Size/Growth Rates (\$ billions)



Sources: GlobalData (February 2023) and Gartner (April 2022)

# Digi Transforms How Businesses Work by Enabling Remote Presence and Control

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

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

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

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

**DGII**

NASDAQ

**1985**

Year  
Founded

**~800**

Employees  
Worldwide

**22**

Consecutive Years  
of Profitability

**\$424**

Million  
FY24 Revenue

**23%**

FY24 A-EBITDA  
Margin



RELIABILITY



SCALABILITY



SECURITY



MANAGEABILITY

# Fiscal Fourth Quarter 2024 and Full-Year 2024 Results Set Several New **Records**

## FQ4 2024 Results

- Revenue -6% YoY to \$105 million
- Annualized recurring revenue (ARR) +9% YoY to **\$116 million**
- Gross margin +400 bps YoY to **61.1%**
- Adj. EBITDA +5% YoY to **\$26 million**
- Adj. EPS flat YoY to \$0.52

## FY24 Results

- Revenue -5% YoY to \$424 million
- Gross margin +220 bps YoY to **58.9%**
- Adj. EBITDA +2% YoY to **\$98 million**
- Adj. EPS flat YoY to \$1.99

# Digi's Business Segments



**Products  
&  
Services**

**DIGI**

**opengear**  
A DIGI COMPANY



**Solutions**

**SMART SENSE**  
BY DIGI

**Ventus**  
A DIGI COMPANY

# Products & Services: Customer Choice

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

**\$79M**

FQ4 Revenue

**56.7%**

FQ4 Gross Margin

**\$24M\***

FQ4 ARR



XBEE® ZIGBEE



CONNECTCORE® 6UL

## Build

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



IX20



OM2200

## Deploy

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



DIGI REMOTE MANAGER

OPENGEAR LIGHTHOUSE

## Manage

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

\* ARR is the measurement of subscription-based revenue recognized as of 09/30/2024 multiplied by 12

# Broad Vertical Expertise in Products & Services Segment

ENERGY



SMART CITIES/  
TRANSPORTATION



HEALTHCARE



Medtronic



Boston Scientific

AGRICULTURE/  
HEAVY MACHINERY



SIEMENS



INDUSTRIAL



ECOLAB®

OTIS



CONSUMER



NETFLIX





# Solutions: Turnkey Technologies that Deliver ROI

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

**\$26M**

FQ4 Revenue

**74.7%**

FQ4 Gross Margin

**\$92M\***

FQ4 ARR

## Monitor

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



B2 SENSOR



Z SENSOR

## Communicate

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



BZ GATEWAY



V2000X4 ROUTER

## Manage

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



CLOUD DASHBOARD & BLUETOOTH PROBE

\* ARR is the measurement of subscription-based revenue recognized as of 09/30/2024 multiplied by 12

# Focused Vertical Expertise in Solutions Segment

FOOD SERVICE	HEALTHCARE	LOGISTICS	FINANCIAL SERVICES	RETAIL	INDUSTRIAL IOT
					
<p><i>Tim Hortons</i></p>  <p>Jollibee</p>  <p>Arby's</p>  <p>SUBWAY</p>  <p>taco john's</p>	<p><b>CVS</b> Health.</p> <p><i>Walgreens</i></p>  <p>RITE AID</p> <p>Children's MINNESOTA</p> <p>Walmart</p>  <p>MERCYHEALTH</p>	<p><b>PFG</b> Performance Food Group</p>  <p>MDI</p> <p><b>VersaGold</b> LOGISTICS SERVICES</p> <p>SCHWAN'S. HOME DELIVERY</p>  <p>ASL Global Logistics</p>	 <p>IGT</p>  <p>Capital One</p>  <p>Dn Credit Union</p>  <p>FCTI NATIONWIDE CREDIT UNION</p>  <p>TDECU YOUR CREDIT UNION</p>  <p>VISA</p>  <p>CARDTRONICS</p>  <p>FIS</p>  <p>FIFTH THIRD BANK</p>  <p>NCR</p>	<p><b>SPROUTS</b> FARMERS MARKET</p>  <p>adidas</p> <p>SCHWAN'S. HOME DELIVERY</p>  <p>meijer</p>  <p>Gertrude Hawk CHOCOLATES</p>  <p>Green Thumb</p> <p><b>Schnucks</b></p> <p>Wegmans</p> <p><b>Lowes</b> FOOD</p>	 <p>ADRENALINE</p>  <p>Kiosk &amp; Display</p>

# Improving Quality of Revenue Increases Visibility

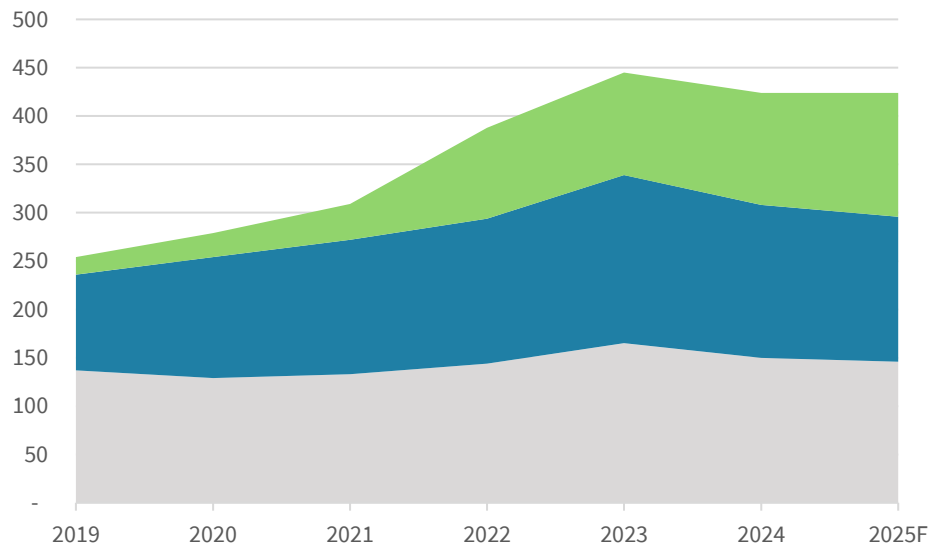
## Revenue Categories:

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

## Revenue Growth and Drivers:

- ARR has grown from 4% to 27% of total revenues in six years
- Total revenue growth five-year CAGR of +9%; disciplined acquisitions and a shift to subscription revenue initiatives.
- ARR growth five-year CAGR of 39% as company focuses on solutions

**Revenues**  
(\$ millions, fiscal years)



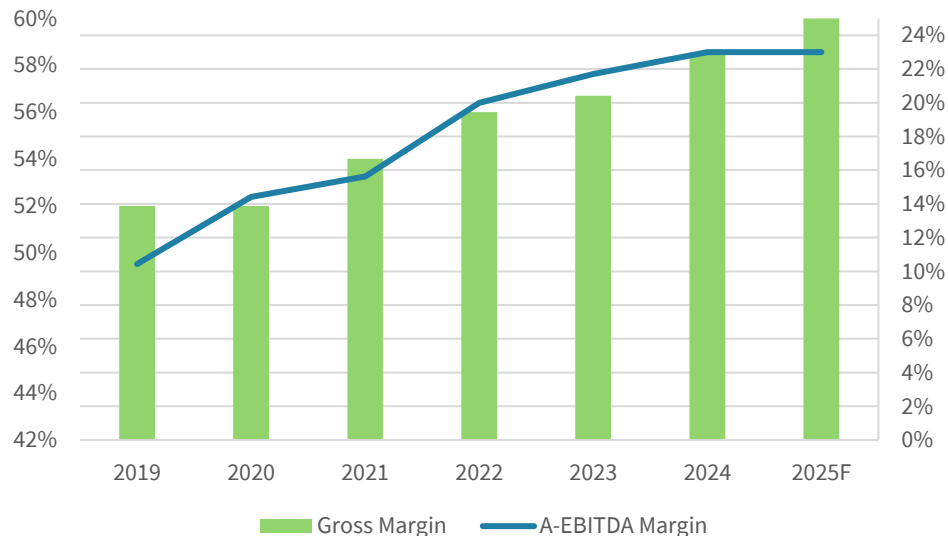
# Increased Gross Profits Flowing to Improved Profit Margins

## Gross Margin Dynamics:

- Differentiated offerings delivering high value
- Increase in high margin subscription ARR
- +800 basis point improvement since 2019, reaching +60%

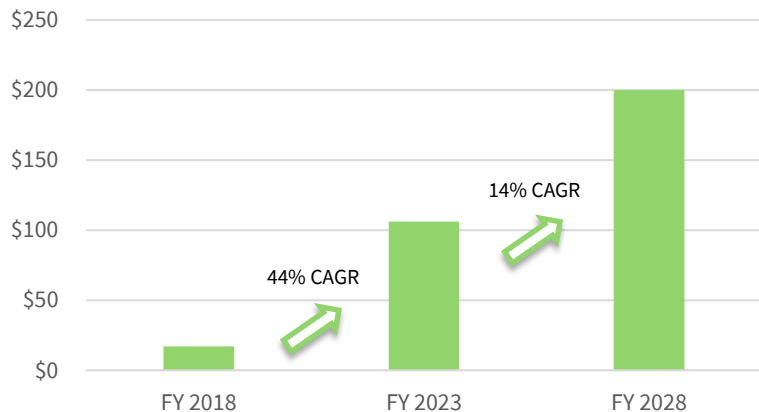
## A-EBITDA Margin Dynamics:

- Improvement of ~1300 basis points since 2019
- Thoughtful management of operating expenses
- FY2024 margin of 23.1%

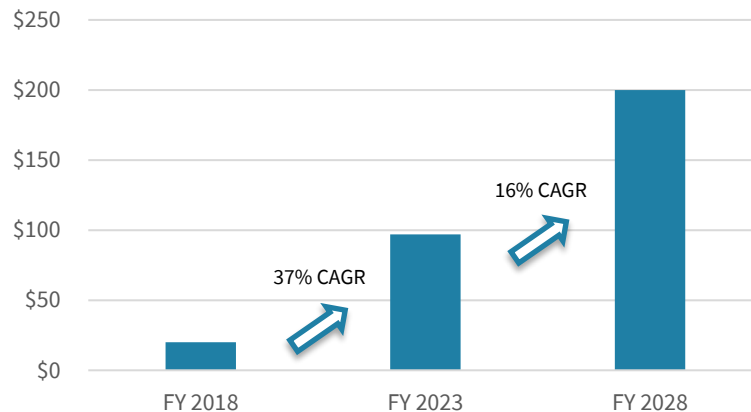


# Digi Expects to Double ARR and A-EBITDA by FY28

## \$200 Million in ARR in 5-Years



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



# Digi's Industrial Internet of Things Investment Highlights



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



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



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



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

#### Three \$100 Million Goals Achieved:

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



Broad vertical market expertise and resilient relationships with blue chip customers



Growing profitability and cash generation combined with a durable balance sheet

# Digi: A History of Innovation, Adaptation, and Resilience



**DIGI**  <sup>®</sup>

**Connect with Confidence**