



Investor Presentation

August 2022

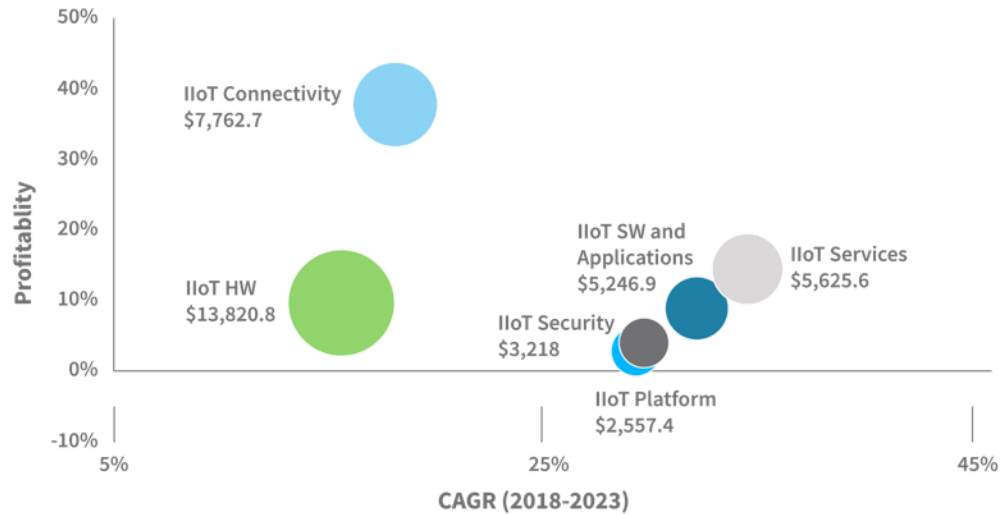
Safe Harbor

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

Estimates Vary, But IIoT Market is Large and Growing

- Total 2023 market opportunity in excess of \$38B with a CAGR of over 15%
- Longstanding market that has been based on hardware and connectivity is now fueled by faster growing software, applications, and services segments
- Today's profitability driven by foundational HW, but it is expected profitability will expand in faster growing segments

Market Opportunity Map for Industrial IoT, Millions of Dollars



HW = hardware; SW = software
Source: Gartner (August 2019) ID: 379002

Digi Transforms How Businesses Work by Enabling Machine Communications

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

- 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, supported by responsive and knowledgeable resources

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

DGII

NASDAQ

1985

Year
Founded

800+

Employees
Worldwide

19

Consecutive Years
of Profitability

\$383

Million in Guided
FY22 Revenue

20%

A-EBITDA
Margins



RELIABILITY



SCALABILITY



SECURITY



MANAGEABILITY

Digi's Business Segments



Products & Services: Customer Choice

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

\$80M

FQ3 Revenue

53.5%

FQ3 Gross Margin

\$15M*

FQ3 ARR

* ARR is the measurement of subscription based revenue recognized as of 6/30/2022 multiplied by 12



XBEE® ZIGBEE



CONNECTCORE® 6UL

Build

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



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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

Broad Vertical Expertise and Success in Products & Services Segment

ENERGY



SMART CITIES/ TRANSPORTATION



HEALTHCARE



AGRICULTURE/ HEAVY MACHINERY



INDUSTRIAL



CONSUMER



Solutions: Ventus and SmartSense

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

\$24M

FQ3 Revenue

80%

Recurring Rev GM%

\$77M*

FQ3 ARR

Monitor

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



B SENSOR



Z SENSOR

Communicate

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



BZ GATEWAY



B GATEWAY

Manage

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



* ARR is the measurement of subscription based revenue recognized as of 6/30/2022 multiplied by 12

Focused Vertical Expertise and Success in Solutions Segment

FOOD SERVICE



Tim Hortons



SUBWAY



HEALTHCARE



Walgreens



Children's
MINNESOTA

Walmart



LOGISTICS



SAFEWAY



VersaCold
LOGISTICS SERVICES

SCHWAN'S
HOME DELIVERY



FINANCIAL SERVICES



FIRST REPUBLIC BANK

TDECU
YOUR CREDIT UNION



FIS



VISA

RETAIL



Cumberland
FARM FRESH

SCHWAN'S
HOME DELIVERY



Schnucks



Reebok

INDUSTRIAL IOT



ADRENALINE



Improving Quality of Revenue Increases Visibility

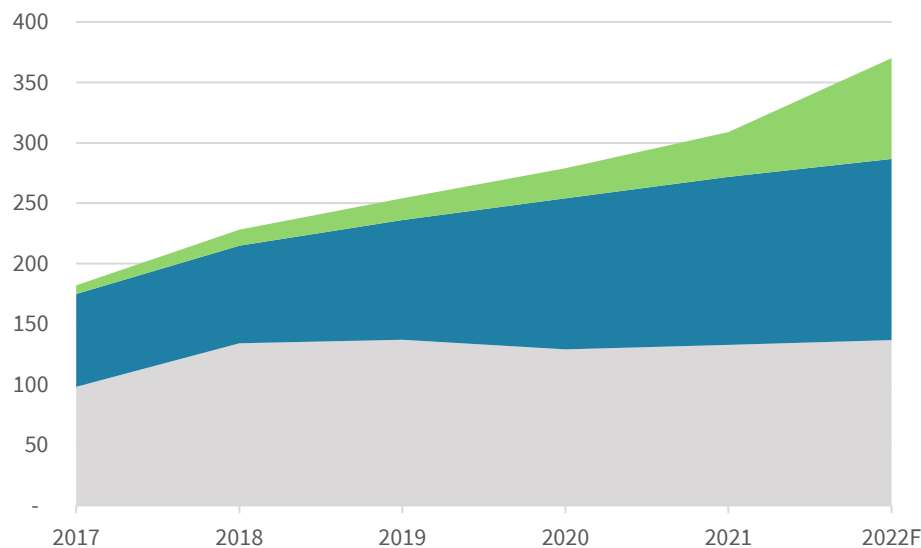
Revenue Categories:

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

Revenue Growth and Drivers:

- Recurring revenue has grown from 4% to 24% of total revenues in five years
- Total revenue growth CAGR of 15%: shift to subscription revenue and disciplined acquisitions
- Recurring revenue growth CAGR of 64%: software, services and acquisitions

Revenues*
(\$ millions, fiscal years)



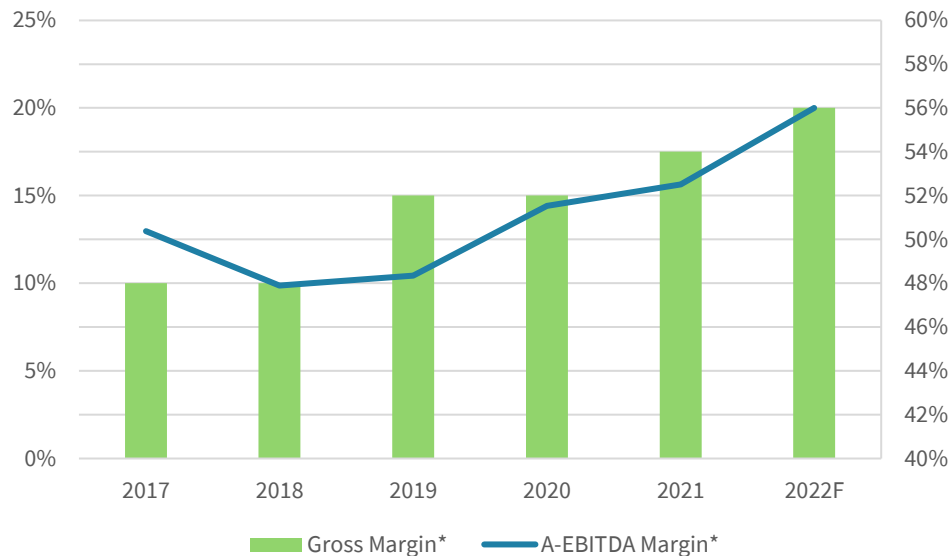
Improved Gross Margins Increase Profits

Gross Margin Dynamics:

- Differentiated offerings with higher margin profiles
- Increase in high margin subscription ARR
- With 800 basis point improvement, approaching 60%

A-EBITDA Margin Dynamics:

- Improvement in gross profits
- Thoughtful management of operating expenses
- Targeting 20% in FY2022



Digi's Industrial Internet of Things Investment Highlights



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



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



Broad vertical market expertise and resilient relationships with blue chip customers



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



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

Targeting:

- \$100 million in quarterly revenue (achieved FQ3 2022)
- \$100 million in annualized recurring revenue (\$92M in FQ3 2022)
- \$100 million in annualized A-EBITDA (\$21M in FQ3 2022)



Growing profitability and cash generation combined with a durable balance sheet

- Net debt to run rate A-EBITDA of < 2.7x



Connect with Confidence